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21 JUNE 1990



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# ***JPRS Report***

## **East Europe**

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# East Europe

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## CZECHOSLOVAKIA

### Minister Of Culture Supports Artists' Demands

90CH0092B Prague MLADA FRONTA in Czech  
29 Apr 90 pp 1, 2

[Article by VO; place and date not given: "The Ministry of Culture Harvests the Fruits of Labor; Points for the Minister"]

[Text] It seems that the famous slogan "United We Stand," so successfully applied during the Revolution, is now being forgotten and abandoned. At least recent events in the field of culture compel me to make this statement. On the one hand, there is the Ministry of Culture, on the other the Council for the Preservation of Culture (ROK), and the Party for the Preservation of Culture (SOK) vacillates somewhere between them. Yet the main stumbling block, as I see it, is that none of the institutions really know what the others want. Unnecessary misunderstandings, friction, even conflicts arise—and, in the final analysis, it is all detrimental to culture.

The most recent clash occurred after ROK made a proclamation late on Thursday evening, in which, among other things, it demanded the resignation of discredited employees of the MK [Ministry of Culture], and of the leading members of its administration. Furthermore, the wording of the five ultimatums was extremely general, and some, unfortunately, negated others. Minister M. Lukes stated at yesterday's news conference: "... According to one point in the proclamation, the new generation of artists has no future. I have never before seen such an unwarranted statement, which totally ignores the fundamental results of our revolution, in other words, the freedom of artistic creation in its own right." In addition, he commented on the demand that culture and artistic creation be excluded from the newly passed laws, and that amendments to them be drafted, that would respect the special character of culture and artistic creation: "... it makes no sense from the legal point of view, and it also creates a sensitive situation which could backfire on culture by making it a special caste in society. . ." This could be true. All we have to do is remember the recent past, when Communist ideologists attempted a similar kind of misuse by launching a campaign against culture and cutting it off from the public.

Even the Party for the Preservation of Culture distanced itself from this ROK proclamation. Yesterday its representative, the painter P. Brom, expressed his support for the MK, and mentioned the Party's demand that the MK be represented in the Federal Government by M. Lukes. ROK representative, J. Skalnik, made no comment on this, and we will have to wait until 2 May when the Council for the Preservation of Culture will hold a news conference. According to a statement by Dr. Lichtenberg from the MK, what has been achieved so far is that the social security provisions for artists will not get worse, and that the Federal Price Office and the Federal Finance Office decided that the rents for artists' studios

and workshops will be subject to the ruling on apartment and housing rents, which means that the status quo will be preserved. It was also determined that the exclusivity surcharge, which applies to all other places will not apply here. This is certainly good news.

At the moment, the MK is chalking up imaginary points for its activities, and since its meeting on 2 April with ROK in Manes, it has taken a substantial step forward. One of the reasons for this is the fact that it is becoming "more comprehensible," and is beginning to provide the public with more information on its activities.

### Czech National Character Sketched

90CH0125A Prague TVORBA in Czech 25 Apr 90 p 17

[Article by Tomas Grulich: "Czech Character"]

[Text] Whenever the Czech nation appeared at the crossroads of history, authors inquiring about the national character had a field day. Character studies enjoyed the limelight in the 1870's and at the very beginning of the young republic. The most frequently posed question of "what sort are we" was accompanied with contemplation about whether and under what conditions our national character enables us to live and attain a solid position in Europe. Philosophers, historians, sociologists, publicists, and literati grabbed their pens.

A while ago I got involved with the principal works of our characterological literature including primarily J. Durdik, O. Jozifek, E. Radl, E. Chalupny, F. Peroutka, J. Mahen, and others. Most of the character traits presented in them are portrayed in a negative fashion. It stems from some kind of self-flagellation reflected in celebrating the places where we as a nation "got it in the neck." If in Moscow they have a panorama of the battle of Borodino and in Bulgaria of Plevan, then of course we have a panorama of the battle of Lipany. A basic enumeration of character traits discussed in the aforementioned works leaves no one in doubt:

We do not complete anything, at the zenith of our challenge we stagnate, external effect prevails over inner passion, we are petty-minded and covetous, irritable, nervous and fickle, stubborn, envious, gossipy, we love discord and empty talk, we are not suited for work demanding a higher level of organization, we are incapable of self-denial and sentiment, of a sense of duty and strong will, we delight in games, drinking bouts and boisterous feasts, we hesitate for a long time which side to join, then throw ourselves into the job with undying energy only to stop when the apex is reached, we are always starting something but finish nothing, we are masters in adopting the ideas of others but let them skim off the cream, the Czech is easily moved to mimicking the glitter of a high-life environment, from among the national heroes we select only what serves us in the moment without trying to understand them, for all wrongdoings we always find a fitting joke but lack the ability to draw a synthesis from the criticism and set



about to improve things, we are superficial and fight each other, unable to achieve unity and dispersed into many groups and parties. We come together only at times of heightened danger.

As one reads this listing of our national characteristics it is difficult to suppress a smile, but faced with today's state of affairs the smile gradually freezes into a grimace. We may paraphrase Chalupny's metaphor of the Czech nation treading in place while around it history is being made, and only after a while lurching forward with great vehemence, grabbing the flag and moving to the lead. At the moment the zenith is reached it begins to tread in place not knowing what to do with the success just achieved. It again throws the flag away and starts anew. Nor is Jiri Mahen's reproach entirely inapposite to what goes on today. According to Mahen the nation became accustomed to the pleasant thought "... that if it does not think for itself one head does the thinking for it ... and repeats to Masaryk his own thoughts as the Absolute Truth..." So today too many are again feeling satisfied because everything will be resolved for them by President Vaclav Havel.

Although one can cite approvingly Jiri Mahen that "most answers to the question of how the Czech character expresses itself in general can be found in beer halls, editorials of our daily papers, and our satirical journals. Czech society delights in cultivating character studies because they provide an excellent topic while drinking beer and engaging in a bit of slander. It has no other sense..." watching the post-revolutionary mood at our work places it is hard not to feel a chill in the spine when recalling one of Durdik's characterizations that "the nation will rot when its majority wishes to do nothing."

From the demonstrations at Letna and on Wenceslas Square people return to their work places hoarse and happy that the revolution is in full stream and that now we will only live and work free. In the smaller environment of the work places all that is needed further are revolutionary proclamation, various declarations heroically signed. Then when it comes to breaking bread the revolution is gone. What can we improve in the work place? Did the revolution really enable us to follow up freely on its former dreams? The external revolution did bring the opportunity but the revolution within us is entirely absent. Oh yes, perhaps one can remove someone from his post—but the difficulty begins already with filling the posts thus vacated. That is, those which need experience and knowhow. As usual, we don't have the people. The workplaces are waiting to see what directives will come to finally enable us to develop freely. But the directives are not coming, the people are at a loss. Those endowed with more initiative who want to change their work places quickly often bump up not only against the wall of higher organs whose career officials have not yet perceived that something is really going on, but also against a wall of questions: will we be allowed to do that, this is according to the rules, won't it mean a lot of work, we aren't equipped to do it, we don't have the

people, we have no room, we lack the technology, is it work for us or can it not be done better by someone else, don't you see we have never done it this way. Terror grips people when freedom knocks on the door. Isn't it that we will have to work, even work harder than before. I try vainly to find out whether they ask questions like: Is this concept really good, workable, capable of moving our work place ahead, will it help society, is society interested in this or that? Whether or not I give credence to characterological studies I fear a rotting nation whose majority's wish is to do nothing.

## HUNGARY

### MDF Proposes Fewer, Better Paid Officials

25000721C Budapest MAI NAP in Hungarian  
30 Apr 90 p 6

[Interview with Peter Akos Bod, Hungarian Democratic Forum (MDF) economic expert, by Rita K. Gyurko; place and date not given: "There Will Be Fewer Officials But They Will Receive Higher Pay; MDF Proposes Moratorium on Enterprise Transformation"—first paragraph is MAI NAP introduction]

[Text] The National Assembly will convene on Wednesday. One may expect that not too long thereafter a government will be formed and the coalition must face urgent economic problems. I interviewed MDF [Hungarian Democratic Forum] economic expert Peter Akos Bod about the economic choices available to the government.

[Gyurko] The new government has very little time available to develop a serious program. In addition, the MDF came to power from the opposition, therefore it cannot be really familiar with the backstage of state administration. What kind of government program can you prepare under these circumstances?

[Bod] We cannot talk about a government program because the MDF chairman has not been officially requested to form a government. We are working on "specialized programs to prepare for coalition negotiations." Fifteen specialized committees composed not only of MDF representatives began working on the great task of preparing an analysis and a program for each ministry. That is, one cannot tell which ministry will be controlled by the coalition partners.

Three projects are being pursued in parallel. First: drafting a general program of a political character, not to exceed one and a half hours in length, to be presented in Parliament. Second: preparing for decisions on the basis of which the workings of the state administrative professional apparatus may be started after the government is formed. Also the budget needs to be examined so that it is consistent with our international commitments. As it turned out in our most recent negotiations with the World Bank: We will receive only \$200 million instead of the promised \$300 million, and under more stringent

conditions. They demand prescriptions and a schedule for privatization, for instance.

Our third task is to develop a plan as to how the governmental system will adapt to the market economy. An integrated structure that consists of fewer parts must be developed. There is no need for a separate planning office, a pricing office, and a National Technical Development Committee. On the other hand, there is a need for a strong Finance Ministry, and a few specialized ministries: industry, commerce, transportation.... Under market economy conditions a smaller but better paid ministerial staff is needed. Other arguments, however, support the idea that the change we implement should only go so far as not to endanger continuous economic decisionmaking. The International Monetary Fund will send a delegation to Hungary in late May, and the government's concept in regard to the future of CEMA must also be developed urgently.

[Gyurko] How do you propose to stimulate entrepreneurship?

[Bod] Production in the sector called "socialist" is stagnating; no significant change has occurred in this field. The gross national product did not increase either. But one may sense the fever to establish small enterprises, even though the conditions for that do not really exist. A choked off dynamic force makes the economy tense. In our view this tension may be relieved by a stable government.

[Gyurko] Are you also of the opinion that smart tax and credit policies are appropriate means for the stimulation of entrepreneurship?

[Bod] Nowhere do they change tax laws in the course of the year. In addition, preparation of a brand new budget takes two or three months, and beginning in September work must begin on next year's budget. It is not possible to relax the pressure exerted by foreign creditors from Budapest. In my view it is absurd that the banking system tolerates enterprises "standing in line," but loans for the purchase of businesses and small enterprises are too expensive due to high interest rates. Accordingly, the interest rates must be made more favorable, but without endangering the fiscal balance.

[Gyurko] Thus far the MDF has condemned spontaneous privatization. What do you intend to do once you are in power?

[Bod] We must decide what the government must do, and what should be left to be accomplished by legal provisions. I will make an initiative to discontinue the ownership rights of enterprise councils, so that the state may designate enterprises or parts of enterprises which should be privatized. Even in the meantime a short-term moratorium must be ordered in regard to transformations in progress.

#### Staff Size in Ministries and Authorities Having To Do With the Economy

Government Agency	Authorized Staff Level	Actual Staff Level
Industry Ministry	400	390
Agriculture and Food Ministry	515	458
Transportation, Telecommunications, and Construction Ministry	417	333
Commerce Ministry	600	560
Environmental Protection and Water Management Ministry	310	303
Finance Ministry	337	312
National Planning Office	343	270
State Wage and Labor Affairs Office	113	88
National Pricing Office	175	147
Hungarian National Bank	1,800	1,800

#### Christian Democratic Election Results, Future Plans Discussed

25000721B Budapest MAGYARORSZAG in Hungarian 4 May 90 p 24

[Interview with Dr. Miklos Hasznos, chief counsel for the Christian Democratic People's Party, by B. Csaba Almasi; place and date not given: "The Christian Democrats: Authentic and 'Clean'; Tolerance and Solidarity Based on Expertise"—first paragraph is MAGYARORSZAG introduction]

[Text] As a political ideology, the Christian system of ideals and Christian democracy—and various types of it—began to spread in the mid-1970's, and continues to conquer Europe to this day. It is enough to consider the Christian Democratic Party that has been ruling in Italy for decades, or the one which won elections in West Germany during the 1980's, or the most recent outstanding results achieved by the Dutch Christian Democrats, or the country that was first among socialist countries to hold free elections: East Germany, and its Christian Democratic Party. Notwithstanding this record, it came as unexpected to many in Hungary that the Christian Democratic People's Party in Hungary [KDNP], regarded earlier as insignificant and as lacking in character, came out ahead of many parties which had started out with better chances, and certainly carved out its place in Parliament. We conversed with party chief counsel Dr. Miklos Hasznos concerning the secret of their election success, about their expected role in the coalition government, and about the KDNP's future.

#### They Proved the Opposite

[Almasi] In your judgment, to what extent did the international environment and the spread of Christian ideals in Europe play a role in the KDNP's success?

[Hasznos] It would be impossible to give a response to this question in quantitative terms; i.e. one cannot determine whether for example the Christian Democratic victory in East Germany translated into a one or two percent increment in the number of votes we received. Our party's election results proved exactly the opposite of the propriety of methods exclusively recommended by our campaign managers, the tactic that was regarded as the sole way to salvation, as the only successful way. We were poor, our infrastructural situation was catastrophic, and strong local organizations were not built either. Considering all this, the 6.5-percent ratio of votes may have indeed appeared as unexpected, but we had counted on a success of at least this size.

[Almasi] But then, what is the explanation for this result, which is worth as much as victory? I am asking this because one could really not say that in the course of the campaign your party appeared before the public with a mature, well structured program and with a perfectly prepared core of experts.

[Hasznos] Our nominees—and we ran candidates in 105 individual voting districts—could not be attacked. Not one of them was an ex-party functionary or a parachutist, and they could not even be accused of housing corruption. Accordingly, there could be no doubt about their authenticity. We preferred not to run candidates in places where we could not find people who were “clean” in every respect. On the other hand, you must not forget that Hungary has a thousand-year-old Christian culture, and not even four decades of communist dictatorship was able to suppress this consciousness. Many voted for us out of respect for tradition, as a matter of nostalgia. Although several parties placed the Christian ideal on their banners, people believed us, they trusted us. Perhaps many remembered that in 1947, in the last free elections, only the KDNP representatives did not produce a single person to collaborate with the communists, as certain members of the Smallholders Party and the Peasant Party did in those days. And there is something else. The KDNP is expressly a political party which rests on a global outlook, and is not the party of churches, as some wrongfully accuse us of being. We welcome in our ranks those who practice their religion, persons who believe in God, but we also welcome those who only sympathize with Christianity, moreover, we do not close the door to clear atheists either. We are very open, accordingly, it would be absurd to say that we are a gathering of bigots who adore religion. This is another reason why we obtained the sympathy and the support of a relatively broad stratum of society.

[Almasi] Already during the election campaign it became obvious that your party has excellent relations with the Hungarian Democratic Forum [MDF]—here and there even your programs are similar—and that following a possible MDF victory the Christian Democrats most certainly would become members of a government coalition. Are you not concerned that as a result of all these matters many regard the KDNP as a “subsidiary organization” of the MDF?

### Not a Subsidiary

[Hasznos] Indeed there are many common perceptions, common goals between the two parties, and it is no secret that a large number of our party members changed over from the MDF. Nevertheless, we preserve our integrity by all means. The MDF is a collective party. One may find in the MDF a liberal, a populist, a national, and a Christian character, and we are able to cooperate particularly well with the trend that places the Christian system of ideals in the forefront. And the fact that the peculiar features of our program are not well known to the public, and further, the fact—the one you mentioned—that it appears that we do not have really well trained professionals, may be attributed to a single reason. The national media provided us publicity which is below the level of publicity we would have fairly deserved, considering our rank and prestige. I could list examples of the adverse discrimination we experienced during the past months: At one point the president of Hungarian Television prohibited the broadcasting of the NAPZARTA program in which we would have appeared. And the fact that we were not constantly in the limelight may be attributed in part to the fact that we did not place our conflicts and disputes before the greater public; we always resolved them within the party. And incidentally, these conflicts and disputes were never personal, they always took place at the level of principles. We introduced a platform prohibition, i.e. we did not permit changes in our proclaimed goals, but the approaches taken by individual party members or groups may have differed, of course.

[Almasi] We have already mentioned your relationship with the MDF, the party with which you, along with the Smallholders, are preparing to form a government. In what way do you perceive coalition governance?

[Hasznos] The view which holds that ministerial seats must be distributed solely on the basis of election results—by using a mathematical formula—is mistaken. I believe that this matter may be settled only on a negotiated basis, and in this regard the parties must reach a compromise. No one can demand ministerial posts for himself; the coalition partners must reach an agreement as to which party's experts are best suited for given functions. In our view, we would be able to offer politicians with an outstanding education to fill the educational and cultural, as well as the social welfare and health posts. And this may sound odd, but we would also be able to recommend appropriate professionals for the defense minister's post, for example. But one should recognize that the direction of ministries is not the sole important matter in this regard. Leadership change must also be accomplished at the lower levels of state administration, as well as in the economy, at the enterprises. Quite naturally I do not have layoffs in mind, but instead I am thinking of the fact that the suitability of a person to fill a position must be determined on the basis of competence, and not on grounds of political commitment and party affiliation.

[Almasi] What are the most urgent tasks, the ones that will not permit delay, once the government is established?

[Hasznos] We may speak of a real change in the system after it takes place also in the "hinterlands." Villagers and people in the countryside will believe that the communist dictatorship has come to an end when petty monarchs and potentates permanently disappear from the scene in those places. Local elections should be held as soon as possible so that politically and humanly credible personalities are placed in lower level positions of responsibility. Just how we perceive this happening has been discussed and written up several times, therefore I will highlight only one aspect of this matter: Structural transformation must be implemented without the impoverishment of millions. Instead of drastic solutions we advocate a more gradual transformation accompanied by less shock.

[Almasi] The establishment of a conservative-national-Christian government raises fear in many. Some are concerned about the revival of the "Christian-national course" of the period between the two world wars, and they do not consider it to be inconceivable that there will be mandatory religious education in schools, that one will have to put on Hungarian formal wear on holidays, that we will hear only folk songs on the radio, etc. How well founded are these concerns, in your view?

[Hasznos] There is no foundation whatsoever for these concerns. The great tragedy in Hungary is that everything is being exaggerated and that things are being examined with the wrong approach. Voicing the Christian ideal does not mean anti-Semitism, the word "national" used as an adjective is not synonymous with extreme chauvinism. Many in Hungary forget these days what the Christian ideal and culture really mean. These contain concepts of a positive content like solidarity, support for the fallen, tolerance, and consideration of others' views. And just what are the assurances that the matters you enumerated in your question will not occur? Democracy provides that assurance. We do not want to, and we could not force society to humbly follow our ideals under constraint. Under communism they used all means to fight religion, the Church, and Christianity, and yet they were not able to extinguish the love for these in the people's [soul]. And if that is so, how would it be possible to force some kind of an ideology on anyone in a constitutional state?

#### More Than a Hundred

[Almasi] Some ambitious plans were voiced by some KDNP leaders concerning the future. They talked about the large number of members the party will have, and of the outstanding results they will achieve in the next elections. Do you share these views?

[Hasznos] We fully agree with those views, but the party must be renewed in order to succeed. Young, dynamic, well educated people must be delegated into the leadership. We already have a significant number of such

persons in the party. We were established at a relatively late date last summer with barely a few hundred people. By September we had 1,500 members, and in January we counted 1,800. Today our membership is perhaps greater than 7,000. And people have been coming in masses ever since. But this is not the most important matter. We are very well aware of the fact that at the present elections no party provided real representation to blue collar workers' interests. The KDNP may be suitable for sharing the concerns of this neglected social stratum, and for representing its interests to the greatest extent possible. We will be able to come close to the workers by organizing self-study groups, associations, and clubs, and we will be able to enlist them in support of our cause. In the next elections we may receive as many as 1 million, or 1.5 million votes with their support, and more than 100 mandates as a result. An election result like this would be truly responsive to Hungarian Christian traditions and to the developmental trend of the flow of European ideals.

#### POLAND

##### POLITYKA Weekly News Roundup

90EP0529B Warsaw *POLITYKA* in Polish No 17,  
28 Apr 90 p 2

[Excerpts]

##### National News

[passage omitted] TRYBUNA (19 April 1990) published the socio-economic program of the Social Democracy of the Republic of Poland. The preamble to the program says, among other things: "We support an efficient, growing economy, regulated by the market that retains an active role for the state. Its social goal is fuller realization of the essential rights of man to work, education, cultural development, health protection, rest, and sport. The Social Democracy of the Republic of Poland recognizes social security to be the overriding social value."

Henryk Bak, deputy president of the Polish Peasant Party, presented a declaration of the 28 members of the party, including eight on the Main Council, calling for a boycott of the congress planned for 5-6 May 1990. The core of the dispute is that the signatories of the declaration oppose joining the Polish Peasant Party with the Polish Peasant Party "Rebirth" (the continuation of the ZSL). They want to join with the Polish Peasant Party "Solidarity" and during the election campaign they intend to cooperate with the Citizens' Committees. Hanna Chorazyna, chairperson of the Main Council of the Polish Peasant Party, told RZECZPOSPOLITA: "Although I do not like to judge the actions of other people, in this case I must openly say that an attempt to break up the Polish Peasant Party is being made."

Wojciech Jaruzelski met with the deputies of the Parliamentary Club of the Democratic Left. During the course



"of a free-wheeling exchange of thoughts" (the press was not allowed in), the president responded to numerous questions. Both he and the deputies agreed that it is necessary to support the government of Premier Tadeusz Mazowiecki, in spite of the mistakes he has made and to offer corrections. In response to a question whether he would sign a law ending the holiday of 22 July, W. Jaruzelski responded that he has not made a final decision yet and that it will depend "on the broader context." The president also answered a question about what he thinks of the book by E. Gierek and J. Rolicki "The Interrupted Decade." According to the report in RZECZPOSPOLITA, he was supposed to answer that he has read the article by Stanislaw Kania, which opposes "The Interrupted Decade" and that he shares his position. [passage omitted]

Deputy Jozefa Hennelowa has asked the government in the name of the deputies in the Citizens' Parliamentary Club "to offer its good offices in service in negotiations between Lithuania and the leadership of the Soviet Union." [passage omitted]

Premier T. Mazowiecki during a meeting with the deputies of the Polish Peasant Party "Rebirth": The political construction on which the government is based is very brittle, and cooperation with the coalition parties is difficult. But the agreement is essential and is operating effectively. There will thus be no changes in the government. Accelerated parliamentary elections could, in the opinion of the premier, be held in the spring of 1991 at the earliest.

RZECZPOSPOLITA has presented a simulated analysis of two types of apartments with 60 m<sup>2</sup> of floor space obtained from the Ministry of Land Use Management and Construction. They are rental apartments (in use from 1961) and cooperative apartments (from 1974). As of 1 February 1990, the rent with central heating, water, etc., is, respectively, 50,600 zloty (rental) and 78,780 zloty; after the increases anticipated for 1 July 1990, the payments will be 78,800 and 106,980 zloty, and beginning 1 October 1990, 148,800 and 127,980 zloty.

Unemployment according to the data of the Ministry of Labor and Social Policy is 317,000 individuals, including 138,000 women. For each unfilled job, there are 10 unemployed. Each day the number of unemployed grows by about 3,000.

Streetcar drivers and city bus drivers struck in Gdansk on 18 April 1990; they are demanding a 60 percent increase in their hourly wages. Both trade unions supported the action. After initial negotiation, the strike was suspended, but the wage problems remain open. In order to meet the demands from their resources, the enterprises would have to raise the fare from 480 zloty to 2,300 zloty.

About 200 individuals, members of the Anarchist Federation, demonstrated against unemployment in Krakow. They accused Solidarity of selling out the interests of the working people and creating a new nomenklatura. For an hour, the demonstrators occupied the office of the

Citizens' Parliamentary Club. They left when one of those gathered used tear gas. [passage omitted]

#### Opinions

[passage omitted] *Alfred Miodowicz, chairman of the OPZZ:*

(Interviewed by Teresa Grabczynska, TRYBUNA 19 April 1990)

[Question] If Walesa is aiming for the Belweder, where is Miodowicz going?

[Answer] Common sense tells me not to be a candidate again for the head of the OPZZ. But that cannot be regarded as a retreat. I am not resigning from authentic trade unions. The unions need a movement to carry their proposals into the political arena. Perhaps I will join in the formation of such a political movement, a Polish nationalist left.

*Prof. Dr. Mikolaj Kozakiewicz, Sejm Marshal:*

(Interviewed by Irena Scholl, TRYBUNA OPOLSKA 13-16 April 1990)

[Answer] The situation in our clubs is very complicated, and they do not represent a united political orientation. The peasant party has divided into three, but only two have separate clubs; Polish Peasant Party "Solidarity" is in the Citizens' Parliamentary Club. The Social Democracy of the Republic of Poland and six so-called independents and more than 100 individual unaffiliated deputies are in the Parliamentary Club of the Democratic Left. Fiszbach's party, however, has become independent and founded the Club of the Democratic Union. The Citizens' Parliamentary Club is holding up, but internally it is very divided and is not at all of one opinion on specific questions. We also have unaffiliated deputies, one of the Polish Peasant Party "Rebirth" and the SD. Formally, military officers, policemen, judges, and other functionaries of the state services will not be able to be members of parties. Thus, the group of unaffiliated will grow. . . . Paradoxically, given such a political mosaic, voting on proposed laws occurs almost as a rule in accord with the proposals of the government.

#### Rural Solidarity Resolutions Outline Agenda

90EP0571A Warsaw TYGODNIK ROLNIKOW  
SOLIDARNOSC in Polish No 16, 22 Apr 90 p 2

[Resolutions 1-15 adopted by the National Council, Independent Self-Governing Trade Union [NZZZ] of Individual Farmers Solidarity on 7 April 1990 at Magdalenka]

[Text]

The National Council of Rural Solidarity [Independent Self-Governing Trade Union of Individual Farmers Solidarity] expresses great anxiety over the Government's

current economic policy. This policy is resulting in a decline in output and in the wastage of our labor. The limited financial possibilities for the acquisition of fertilizers, crop chemicals, feeds, and other means of production are resulting in a worsening food supply. Farms and land are deteriorating. We are losing foreign markets and export possibilities. The existing situation is also due to the insufficient effectiveness of the activities of the ministry of agriculture and to the absence of a proper agricultural policy. The curtailment of demand for farm products, concomitant with their importation from other countries in the form of donations is bringing about the economic collapse of Polish farms. The consequences are bound to be painful to the entire national economy, and above all to town dwellers. The one-sided dictate of the ministry of finance and the forced promotion of the free market doctrine should not prevent indispensable measures by other ministries, especially the ministry of agriculture.

We expect of the government an immediate presentation of unequivocal principles of agricultural policy to the society. We farmers can provide abundant, healthy, and cheap food to all and use the surpluses to pay debts. To this end we need an economic policy which allows for the possibilities and is commensurate with the needs of this country. As a trade union, we declare our readiness to cooperate with the Government in working out such a policy.

2

We demand an immediate solution of the problem of handling hundreds of thousands of tons of potatoes which would otherwise rot. We cannot allow this! We demand emergency procurements of these potatoes by the State for processing and exports. We are ready to provide the potatoes even in return for deferred payment, or partially to provide them gratis as part of food assistance for the cities or for neighboring countries. Steps must be taken to prevent senseless losses and the wasting of the fruits of our labor.

Unless rules, procedures, and addresses for potato procurements are announced by 13 April 1990, and unless these procurements commence by 20 April 1990, we shall start a nationwide protest strike.

3

The nationwide elections to the supervising councils of cooperatives have for the most part ended in failure. Cooperative law proved to be defective and imperfect. There were widespread manipulations on the part of the traditional nomenklatura, with keeping farmers at a distance from having any influence on the fate of cooperatives. In many cases nomenklatura-owned companies are appropriating assets of cooperatives by exploiting loopholes in cooperative law, a law moreover that has been widely honored in the breach. Cooperatives should be the property of farmers, and they should be managed by them alone.

The lack of access to television has made it impossible to commence the electoral campaign on a suitable scale. The assets of our cooperatives have not been legally protected against their sale and, sometimes, looting. As a result, conditions are absent for restoring and modernizing retail, banking, and consumer services as well as processing and storage, which are decisive to the performance of the food industry.

We appeal to the Government and the Sejm and Senate to appraise the situation thoroughly and take new legislative and administrative steps serving to renew and implement the process whereby cooperatives are being regained by farmers. We place our Sejm deputies and senators under the obligation of presenting this issue for deliberations by the parliament.

4

The policy of restricting criticism and making it impossible for it to present its own appraisal of the situation and of proposals is shortsighted and dangerous. It does not contribute to improving the mood of the countryside and it does not build confidence. On the contrary, the countryside is painfully aware of the absence of open discussion of the problems of food and agriculture, problems that concern the entire society and whose proper solution is decisive to the future of our country. The actions taken so far by the leadership of the Committee for Radio and Television show a lack of understanding of the situation. Our broadcast proposals have been rejected and information about Rural Solidarity is being blocked.

We cannot tolerate this situation. We demand an immediate commencement of regular, special programs under an objective and professional direction, broadcast in prime time and to an extent serving to keep the public thoroughly informed and promote an honest exchange of views. Otherwise we shall be compelled to declare a protest strike consisting in refusal to pay TV subscription fees.

5

The National Council of Rural Solidarity postulates that Radio and Television be subjected to the Sejm's control.

6

The National Council of Rural Solidarity proposes rescheduling elections to the Sejm to an earlier date.

7

The Ribbentrop-Molotov Pact of 23 August 1939 resulted in a chain of tragedies among many peoples as well as in the loss of many statehoods. The victims of that treaty became, among other countries, Lithuania, Latvia, and Estonia. Fifty years of their enslavement as well as of its tacit approval by the world have elapsed.

The National Council of Rural Solidarity perceives an enormous threat to the peaceful aspirations of these

nations to freedom. We support these aspirations and protest against any military actions intended to suppress them and causing, as well, a threat to world peace. We call upon all social organizations to announce a similar protest.

## 8

The National Council of Rural Solidarity protests against the already widespread practice of discharging employees from workplaces solely for the reason that they are farmers. We believe that this conflicts with the constitutional principle of equality of all citizens before law. We address this resolution to the Citizens' Rights Spokesperson Mrs. Professor Ewa Letowska and to Mr. Minister Jacek Kuron.

## 9

In view of the failure of the Government and the Sejm to respond to the resolution of the National Council of Rural Solidarity concerning a reduction in ZUS [Social Security Administration] premiums, we declare a protest strike consisting in refusal to pay these premiums until appropriate steps are taken.

## 10

The National Council of Rural Solidarity postulates that work on a decree concerning the clearing up of polluted lakes and other areas be speeded up.

## 11

Rural Solidarity will express its opinion about the Agricultural Market Agency after the Government makes known its agricultural policy in its entirety as well as the instruments for translating it into reality.

## 12

The transfer of farms to heirs and the cultivation of land by young new farmers is being complicated by the fact that notarial offices collect high surcharges on the value of the transferred farms. We demand an abolition of this practice. The fees should be only as much as is being charged for other legal and office procedures.

## 13

The National Council of Rural Solidarity demands an immediate abolition of all restrictions and concessions relating to the exports of farm products.

## 14

The National Council of the NSZZ of Individual Farmers' Solidarity places its presidium and head office under the obligation of implementing the detailed recommendations adopted by the Council and contained in the protocols of the Committee on Resolutions and Recommendations.

## 15

The assumptions of the Alternative Economic Program were discussed and the Program Council of the National Study and Analysis Center was placed under the obligation of drafting the final version of the program in its macroeconomic part and with respect to agricultural policy.

**Police Recruitment of Informants Outlined**

90EP0521A Warsaw *PRAWO I ZYCIE* in Polish  
No 15, 14 Apr pp 1, 6-7

[Article by Iwona Jurczenko: "The Agency: How Many Citizens Are on File in the Network of Secret Collaborators of MSW (Ministry of Internal Affairs)?"]

[Text] Instruction 0052 on operative work, where the most interesting details pertaining to secret collaborators of special services can be found, is—obviously—secret in nature, which is also stressed by the two initial zeroes. One zero means that a document is an ordinary secret, but two zeroes mean that it is "top secret." In view of this, it is entirely understandable that I will learn nothing about the recruiting methods or how the secret collaborators work with the network since the department of internal affairs has its own secrets and there are limits to openness beyond which no special services go. I might as well watch "Miami Vice," everything is perfectly clear there.

"But I would like only to clarify certain details. For example, will the secret collaborators continue to be recorded on duplicate 'E-6' cards?" Perfunctorily I make a show of recently acquired knowledge about the work of the agency from the book "Panstwo Policyjne" [The Police State] (Wydawnictwo Polskie, 1989) published by the Confederation for an Independent Poland, and I hope that I am actually using the classical methods described there: "During recruitment, one must resort to skillfully conducted conversation to verify the value of the information received. The candidate's reaction is observed when some certain information is revealed."

"No, different record cards are used now," responds a high-ranking worker in the operational hierarchy of the Security Service stonily. And just as perfunctorily, he adds that the book from which I drew this and most other information (and which, it is clear, he knows well) speaks of work methods of twenty years or more ago.

"Has anything changed?" I ask subtly.

"Of course," he replies.

But only the details could have changed. It's been this way for ages: someone has confidential information which someone else wants. Technical methods or people can be used to get that information. One must either eavesdrop or find out about it. Therefore one looks for a person and methods for extracting this information. He will either voluntarily share it or he can be persuaded to share it, or, as a last resort, he may be scared into sharing

it. If special services want this information, then this person may become their secret collaborator. A secret collaborator is exploited once, in a specific matter, or may be used customarily, which means that he is part of some kind of interesting environment.

Winning a candidate to collaboration is always one of the most difficult tasks of an officer in the operational service, and achievement in this and in work with one's own network of secret collaborators is a measure of an officer's value.

"It's not exactly that way," explains the officer in the operational hierarchy of the Security Service.

"At one time an attempt was made to distinguish the operational officer from the agents just as an attempt was made to distinguish a scientist on the basis of the number of articles he published and artists on the basis of the number of paintings. But this is all in the past."

"Developing' a candidate into a secret collaborator is arduous work that sometimes takes several months. For example, we have information that narcotics are probably being distributed from a certain center. This center is observed, names are established, a contact is decided on. There is such a person. One studies his details, learns his contacts, checks up on his milieu, finds whether he has a record, what his personality is, considers various possibilities of convincing him to collaborate."

"This is a psychological game," says the operations officer. "I must present a proposition to him in such a way that he will consent."

"Bait, encouragement, pressure are different methods. This work is always in the arena of difficult moral choices. I have to speak in such a way that he will understand that what is concerned here is the higher good, the life and well-being of other people."

There is a method, the application of which is clearly forbidden by the instructions, although it is used in the world—provocation (for example, someone set up offers to sell narcotics to entrap a delinquent in an illegal act). The use of provocation by an official of the Citizens Militia and the Security Service is subject not only to disciplinary action, but also to punitive measures ("it must be added that the boundary between an operational plan and provocation is very fluid," the operations officer honestly notes, "the same kind of boundary as exists between art and pornography. But this boundary must not be crossed.")

Of course, if getting a candidate is indispensable to the case, very useful is some kind of compromising past, known only to the operational hierarchy, some minor misdemeanor that does not threaten society and carries minimal punishment, but whose disclosure might cause the person's moral death. With people recruited in this way, one must work very carefully. Operational officers are also reluctant to use this method since it leads to somewhat dangerous contacts with their own chief.

"Recruitment with this kind of encumbrance" requires approval not by one's direct superior, but by the chief of the unit at the voidvodship level. And the materials from this kind of processing are apt to return from the chief without a confirming signature and with a harsh note: "deficient," "somewhat superficial," "incomplete." Thus, "recruitment on a voluntary basis" or on the basis of "patriotic feeling" is decidedly better.

The instructions also forbid recruiting secret collaborators in the court building, for instance, or in the party committee building ("which is obvious nonsense," says the operations officer of the criminal branch of the Citizens Militia, "basically any place is good"). Also forbidden is the hiring of members of the Polish United Workers Party and allied factions without notification and approval of an appropriate high party agency.

"People from the criminal element are dealt with differently from those in the rebellious youthful elite or in academic circles where, for example, some discovery must be protected," explains the Security Service operations officer. "The 'criminal element' will collaborate in exchange for hushing up some offense or winking at some semi-legal activity, and why should we use them, except perhaps for their charm and lack of pretense?"

"What can they know about the real operational work?" bridles the operations officer of the Citizens Militia. "Activity in the strictly criminal sphere presents a serious threat to our collaborator, sometimes to his health and life. Here one must really plan how to convince him, how to protect him from his own colleagues. Many very good secret collaborators had the intention of fighting crime, but feared being exposed, signing any documents, being involved in any political work. Most of the notorious criminal cases, those that make the front pages, were uncovered only because of the work of secret collaborators. These are people who give real help in a just cause. This is one of the most frequently used methods in the world and in Poland; this is nothing to arouse surprise or indignation."

A candidate who agrees to collaborate with special services signs a pledge to cooperate ("not always does he sign," says my interviewee, "there are different methods in different systems").

It is important that the agent be useful; he signs a pledge to keep his collaboration secret and selects a pseudonym. The operations officer registers him on a validated file card with an overprint: "Top secret when filled out." ("Before it is filled out, it is also secret," sighs the operations officer when I asked him to show me a card). On the basis of the validated file card, the officer opens a personnel file and a working file for the secret collaborator. The personnel file contains materials from the processing of the secret collaborator, the recruitment report, receipts or notes on remunerations, periodic reports on the course of the collaboration, a description of the secret collaborator and reports of supervisory meetings with his superior operations officer. The



working file contains only operational information, signed with the pseudonym. The personnel file is in the safe of the unit at the voivodship level, and the working file is in the safe of the operations officer.

Work with the secret collaborator requires absolute secrecy, complete conspiracy. The collaborator has contact only and exclusively with "his" operations officer. To keep them from recognizing each other, two agents are never allowed to meet. An operations officer is punished severely for any disclosure of a secret collaborator. Protection is also maintained within the department. Access to the file cards is limited (permission of the chief of the unit is required), and any manifestation of interest in a secret collaborator by a different officer or different operational unit means automatic notification of the collaborator's "contact" officer.

The operations officer agrees with his collaborator on the method and times of basic and stand-by meetings and the system of communication, and at regular meetings, he receives information, assigns tasks and discusses how they are to be done. The secret collaborator can carry out tasks involving disinformation, disorientation (for example, doubts planted in a group planning a terrorist action as to the sense of such an action since it can't succeed, and if it does succeed, people will be killed, the perpetrators will undoubtedly be caught, etc.), and spotting or signalling tasks.

"The basic task of the secret collaborator is preventing the commission of a crime," says the Citizens Militia officer.

"If a crime has already been committed, this is a disaster for the operations work," explains the Security Service officer. "It is no trick to catch the criminal. Success is getting information in advance and timely prevention."

For example, information comes in from an interview that a nationalist center in the West is organizing a transfer channel in Poland for a nationalist organization in the East. Let us assume that the declared purpose is, for example, activity for independence. The officer cannot verify or evaluate this, but because the transfer is going to be organized on our territory, it must be of interest to our services since a threat to our state interests or a threat of a serious crime may develop at any time. The operations officer knows that someone will come from the West who will be looking for people to assemble this transfer for him. The officer then also looks for people to place in positions to accept this proposal.

"I would rather penetrate this whole channel and have it under control than to find those people and put them in jail and let them organize a different channel later about which I would have no idea," said the Security Service operations officer. "If I know the times of transfer, if I know what is being moved, for example, dynamite, then I won't let it pass, if it's printed matter, then let them read, if it's instructions on how to poison the wells, then I intercept the transport. I direct the sources so that they have a sense of patriotic work, but do not cross a certain

boundary which may be a threat to the life and well-being of others. And if money flows through such channels, then it costs me nothing since my opponent is financing the whole operation. I do not allow a crime to occur, but at the same time I know the intentions of my opponent. This is the whole flavor of our operations."

"But this is morally ambiguous," I say.

"Students constructed a bomb that they wanted to place in a school. We made this impossible through our operations. No one was lost, neither was anyone sent to jail. Is this morally doubtful? In 1982 or 1983, terrorist groups active in Legnica and Lubin intended to place a bomb at a gas station in the center of town as a form of protest against the introduction of martial law. Had there been no secret collaborator, we would have had fine fireworks."

"I do not consider this work as morally ambiguous. I do not question the need for such methods with respect to drug dealers, terrorists, or a dangerous killer," I admit. "But in political matters?"

"There was a legal ruling that envisioned criminal responsibility for distributing illegal literature. If I introduce a secret collaborator into a circle of people producing blotting paper, ba! but if my man takes over distribution, then I can intercept transport on the way from the supplier to the receiver. I know who does the printing and where, who the receiver is. I could have them punished, but why should we arrest a person who is doing this from ideological motives? Immediately everyone will say that now the Security Service wants to whitewash itself, but actually, we conducted most cases in this way. Those know best who calmly went on printing without being punished."

My interviewees say that more than 80 percent of the activities of the Security Service concerned not political matters, but protection of the economy, problems of administration and exercise of authority, and discerning attitudes in various centers.

"Every authority should (if it is wise!) know what the public is thinking. Those who supplied this information played a very positive role," said the Security Service officer.

"Very positive," I add readily. "And with what fine ultimate effect the Security Service controlled those attitudes..."

"We could not 'control' or change the attitudes of people. Use of our information rested in the hands of a very small group, the elite in authority," said my interviewee defending the honor of the Service. "The leading role of the party, written into the Constitution, required special protection for this constitutional principle. But the times were such in the past that our organization was used not only as was convenient for the party, but also by the administrative offices and the ruling elite. Perhaps it's good that we preferred to and could only give

information," he adds as an afterthought. "If we had actually tried to keep an eye on those attitudes effectively, who knows when changes would have occurred in Poland or how violently..."

I wonder aloud how many secret collaborators there are on file at the Ministry of Internal Affairs. My interviewees say they don't know, that there are no data on Poland as a whole. What is the order of magnitude, tens, hundreds, thousands? Certainly the situation here is not what it was in Romania where it was estimated that one-third of the public was involved in some way with the department of internal affairs. "Through fear and pressure," stress my interviewees. "Or in the GDR where the number of collaborators is estimated to be 20 percent of the public. And here?" he pauses, "it may be 1 percent." I would say that without the old people and children, it would be about 300,000. "Oh, no, not that many," they say. In the end, we split the difference and agree that on the average, in a voivodship city of 500,000, there may be 2,000 secret collaborators divided equally between the Citizens Militia and the Security Service.

I believe it is difficult to count the active collaborators for other reasons as well, and this is the greatest and most hidden of the sins of the operations officers, those who do this work are the "dead souls."

The officer has as "contacts" one or two active collaborators (in internal jargon, they are spoken of as "horses" because they "pull" the whole load), and the information they provide is divided among five or six who are registered only as secret collaborators, but only as a matter of form since they don't have much to say. In this way, the officer can appear to be an expert in operational work with a network of active collaborators. "This is why there is supervision by the superior who can, for example, observe a meeting, check expenditures, etc." adds an officer of the Security Service.

There are also so-called trusted persons, mainly police informers, who are not registered; contact with them is looser and they are not given any tasks to perform. These may be, for example, a barmaid, a porter, a cloak-room attendant, etc., who confirms or denies someone's alibi, notices who drank with whom, who gave a gold chain to whom, etc. Trusted persons are not remunerated, but sometimes for some important information, they may receive some material reward.

A secret collaborator is paid from the operational fund. Secret, of course.

"Not many persons undertake collaboration from material motives. About 60- 70 percent of the collaborators take no money, acting only from a sense of justice or fairness or from patriotic motives, as is the case in espionage matters," says a Security Service officer.

Officers in both operational branches, the Citizens Militia and the Security Service, agree in their complaints that operational funding has not changed in two

years (don't cost-of-living raises apply here?), and department funds are always being cut.

"How can I buy information in the underworld, if a person who obtained property worth tens of millions of zlotys in a robbery gets only several thousand or tens of thousands?" asks a Citizens Militia officer.

Thus far, the legal basis for hiring secret collaborators has been the 1983 statute on the Department of the Ministry of Internal Affairs. Article 15 authorized officials of the Citizens Militia and the Security Service "to take advantage of the assistance of citizens in carrying out tasks in the area of state security and public order." At the same time, the draft of a law on the Department of State Security (art. 22) mentions not only exploiting the assistance of citizens, but also says that the citizen "may be remunerated from operational funds." One version of the draft even proposes that the remuneration be tax-free.

"Special services always carry out the policy of the government and defend the interests of the state," says a high-ranking officer of the Security Service who does not know if he will be an official of the Office of State Security. All of the people working here may be replaced, certainly the preamble of the statute will change and its purposes will be described differently. But the instruction will remain, although some of its particulars will once again be amended. And the secret collaborators will remain. As they have been, since no one in the world has devised anything new in this field.

### **POLITYKA Weekly News Roundup**

90EP0556A Warsaw *POLITYKA* in Polish No 18,  
5 May 90 p 2

[Excerpts]

### **National News**

There was a debate in the Sejm on Polish foreign policy. Among the priorities listed by Minister Krzysztof Skubiszewski were the following items. A system of European security based on the CSCE that limits the role of military forces should be created because the threat of war on the European continent practically does not exist. Relations with the USSR remain the main task of Poland's state strategic policy. Today they are based on esteem for independence and they are marked by a partnership relation, by a mutual appreciation of interests, and by respect for agreements concluded. The government will begin talks on the withdrawal of Soviet forces from Poland. Polish-German reconciliation is important for both nations; Poland wants to see German unification as an important stabilizing factor; a treaty among Poland, the GDR, and the FRG, that is initialed and then signed and ratified by Poland and a united Germany is needed. [passage omitted]

Telecommunication charges increased beginning 1 May 1990. One connection will cost 150 zloty (until now 90),

the monthly charge increased by 100 percent (3,000 zloty instead of 1,500), installation 2 million zloty (until now 666,000 zloty), a regular telegram is now 3,000 zloty (for seven words or less), previously it cost 1,000 zloty. The installation of a telex increased the most dramatically to 750,000 zloty from 76,000 zloty. SLOWO POWSZECHNE, our source, titled the report: "Preparing to modernize telecommunications."

Many women's organizations have protested the resolution of Solidarity's second congress supporting the "legal protection of human life from the moment of conception." "That is," the protest says, "a concealed form for the introduction of a ban on abortions, which in practice puts all potential mothers at the pillory as potential murderers." "We think that the congress of a trade union which was formed on the basis of a concurrence of workers' interests and not on a concurrence of world views is not an appropriate forum for taking a public position in such issues." [passage omitted]

If you want to have a chance buy a bond: 25,000 of the new car to be produced by the Compact Car Factory (provisionally called the X1/79) will be sold to purchasers of bonds valued at 10 million zloty each. The first sales (series A) will be in 1992 or one year after production begins; the second (series B) in 1993. The rest of the cars will be exported. The price will be the one in effect at the time of purchase.

"Business is developing," reports KURIER POLSKI. In Warsaw, the Italian firm Disano has opened a store with bathroom furnishings (2,500 patterns). The star at the opening was a bathtub with electronic controls (water temperature, waves, etc.) with gold plated fixtures (14 carats). The price was 44.5 million zloty; it was sold in 15 minutes.

Jozef Slisz, the chairman of the Polish Peasant Party, deputy marshal of the Senate, during an interview with a journalist for TYGODNIK SOLIDARNOSC in response to a question about his view of the opportunities in rural areas in the elections to local-government bodies. "This problem is keeping us awake because in the vast majority of cases the rural areas lost and ignored the elections to the cooperatives. But many problems can be solved by an authentic cooperative movement, but it has been taken over by the nomenklatura. I do not believe in the good will and the qualifications of the old boards: those who broke the watch cannot repair it. For me, the elections are a great question mark given such an attitude in the rural areas." [passage omitted]

Forecast by the Central Office of Statistics (source ZYCIE GOSPODARCZE): the survey of 200 enterprises shows that production fell in April 1990 in comparison to April 1989 by 24 percent. The forecast for March called for a decline of 22 percent, but the actual decline for all of socialized industry was 31.7 percent.

**Who's Who News.** The main commander of the Citizens' Militia, Gen. Zenon Trzcinski, has submitted his resignation.

Leszek Miller, the secretary general of the Social Democracy of the Republic of Poland, issued a declaration in which he expressed "opposition to and indignation at" the resolution of Solidarity's second congress calling for prohibiting the employment of activists of the former PZPR and youth organizations associated with the PZPR and of former employees of the ministry of internal affairs in schools and other educational and cultural institutions. "That document is an embarrassment," said L. Miller, "and the demands in it contradict the General Declaration on Human Rights and the agreements of the roundtable." [passage omitted]

Prof. Andrzej Kajetan Wroblewski, rector of Warsaw University, in ZYCIE WARSZAWY commented on the fate of a proposal to give the university a portion of the buildings around it that have been vacated. "We have received a polite but negative response from the Ministry of National Defense, from Gen. Siwicki. Neither Premier Mazowiecki nor the President of Warsaw Wygnowski have formally responded to our request. Rumor says they do not intend to help Warsaw University. President Jaruzelski has, however, expressed support for us. I should add that the university community is beginning to feel bitter that, in spite of the changes in Poland to which we contributed as a center of independent thought, the attitude of the new authorities, whom we supported so much, do not differ from that of the previous authorities." [passage omitted]

### Opinions

*Mieczyslaw Wilczek, former minister of industry:*

(Interviewed by Alicja Kos, ZARZADZANIE March 1990)

[Question] Reportedly, your proposal to reform the Workers' Publishing Cooperative was so radical that it frightened the Politburo at the time.

[Answer] As regards the Workers' Publishing Cooperative, my opinion was clear. Even with rapid reform, it would not be a source of income, but only a source of losses. In view of that situation, I proposed liquidating all of the unprofitable magazines and supporting the better editorial groups that were capable of earning their keep. My proposal was not adopted, and I resigned from handling the party's previous income sources and promised to arrange new ones. Which I did. A foundation has been formed as part of which, on the rubble of the CEMA, cooperation between Polish enterprises and enterprises from the countries of the former CEMA is to be run on mercantile rules. It is essential. The idea that we can throw ourselves into Western markets now is simply idiotic. The Western market will throw itself upon us and finish off our weak enterprises. Our natural partners are our neighbors with whom we must cooperate. The East-West Foundation, which has already been registered, is in operation. Soon it will take on the remodeling of the Black Sea hotels.

*Jozef Oleksy, deputy:*

(Interviewed by Aleksander Frydrychowicz, SLOWO LUDU 21-22 April 1990)

[Question] You were minister for trade union affairs. From your position what do you think of the approach of your successor Jacek Kuron to human affairs?

[Answer] Jacek Kuron, whom I respect, is altruistic, which is visible in the way he works. At times, it has the flavor of charity work.

But things looked differently a year ago when I was meeting with a group of trade unionists. We spent many nights negotiating. Then the current minister was among the union delegation and approached the wage demands and consumption demands of particular occupations with great involvement. I do not know how he will be able to achieve what he proposed at that time. Those demands which Solidarity supported a year ago are today thought to hamper the government in the orderly implementation of its program.

*Prof. Dr. Dorota Simonides, senator from Opole:*

(Interviewed by Lukasz Wyrzykowski, DZIENNIK ZACHODNI 20-22 April 1990)

[Question] You said that Silesians visiting Silesia no longer feel they are Poles, although they are not completely German. Who do the Silesians living in Poland feel themselves to be?

[Answer] Those who have put their names on the minority list are eager neophytes, and they will consider themselves more German than those in the Bundestag in Bonn. It must also be said that the minority union is an equivalent in kind for them because now it is much

harder to emigrate to the FRG as a result of the competition from the GDR Germans. There is a further result of that competition. The rate at which people put their names on the list will slow.

[Question] For a time (reportedly an appropriate petition has already appeared in the Sejm), there was speculation about giving Silesians dual citizenship.

[Answer] Now there is talk of being able to have dual citizenship in any region of Poland. So that it will be possible to have both Polish and American or Canadian or even German citizenship. Today there are 500,000 people with dual Polish and German citizenship in the FRG. And who knows, the Poles in Lithuania may also want to have Polish citizenship.

*Leszek Moczulski, chairman of the Political Council of the Confederation for an Independent Poland:*

(Interviewed by Krzysztof Grabowski and Ryszard Jaworski, GLOS WYBRZEZA 21-22 April 1990)

[Answer] From the point of view of the Confederation, martial law was a redemption because the generation that grew up under martial law and later will come to us and not go to Solidarity. From the beginning, it was clear that they must come to us and that Solidarity had closed itself up within a certain time horizon. As a result, it is necessary to draw some political conclusions; namely, we know what our support will be in five years, in 10 years. . . . According to opinion polls, which we obviously approach with caution, in December 1989 the popularity of the Confederation for an Independent Poland was 18 percent, and in the first quarter, it grew another 11 percent.

[Question] More or less the amount that Solidarity lost.

[Answer] Because they are connected vessels, although obviously other groups also gain and lose. [passage omitted]

## GERMAN DEMOCRATIC REPUBLIC

**Border Troop Armored Vehicles Scrapped**

90GE0112A Dresden SAECHSISCHE ZEITUNG  
in German 16 May 90 p 3

[Article by Thomas Schade: "Unilateral Disarmament in Full Swing in the GDR; In Grossenhain Tanks Are Being 'Slaughtered' en Masse; Almost 300 APC's of the GDR Border Troops Await Scrapping"]

[Text] The tank technology currently stationed in the Schinkel Unit in Grossenhain clearly commands respect. However, it is no longer a threat to anyone, since for the nearly 300 armored personnel carriers [APC's] of the GDR border troops that arrived here several days ago the Grossenhain tank shop is equivalent to a slaughterhouse. The drive to this place was their last one before scrapping.

Only several months ago, the 600 NVA [National People's Army] tanks unilaterally taken out of service represented a banner political event. Since then, this process has continued far from everyday politics, and Grossenhain is quickly developing into the national "disarmament forge." People here are counting on at least five years of disarmament with wrenches and flame cutters.

The metalworkers in and out of uniform here on the outskirts of the city on the Roeder have already specialized in scrapping armored technology. They have developed a complete scrapping technology, and they thoroughly cannibalize the former combat vehicles before the tank hulls are cut apart. The arms and radio technology are also liquidated. However, according to the declared goal of Col. Sepp Schinkel, the commander of the unit, many other components can be reused for civilian purposes. It would be a great waste to the national economy, the colonel says, to condemn components such as gears, engines, axles, springs, ventilation systems, pumps, capstans, or mountings to the blast furnace. Thus, he has made a virtue out of necessity, and is now offering these components for public sale. All civilians who are interested are welcome in Grossenhain. The available assortment can be viewed and interest can be indicated Monday through Friday between 0630 and 1600.

In many regards, the colonel would also like to open up Western horizons. Not only in the sense that FRG customers are welcome here as well. "We have much more interest in an exchange of experience with FRG partners in the area of scrapping technology," he says, also announcing his unit's ambition to liquidate Bundeswehr military technology at Grossenhain, as needed.

As a devoted tank man, this work makes his heart bleed, he readily admits. He has been in the armored service since 1952, and was significantly involved in building up the 9th Armored Division, and since 1971 in the development and formation of the entire NVA armored

service. "You're tearing down what you have spent your entire career building, but these are the signs of the times," he concedes pensively, also justifying in this way his completely serious intention to cooperate with FRG partners in scrapping tanks.

Thus, Col. Sepp Schinkel has recognized these signs of the times, and for his part has a plan for the Grossenhain tank shop after the completion of this perhaps final major military order during disarmament: conversion into a civilian production shop—a rationalization enterprise, for example—in such a way that the city profits from it and the highly skilled metalworkers and specialists keep their jobs.

**Photo captions**

Disassembly at the Grossenhain tank shop

Colonel Schinkel's assortment

**Gysi Discusses Abolition of Draft**

90GE0078A East Berlin NEUES DEUTSCHLAND  
in German 12 Apr p 5

[Article by Gregor Gysi, chairman of the PDS: "Does Security Require Compulsory Military Service in the Future?"]

[Text] The PDS [Party of Democratic Socialism] proposal to abolish the draft as soon as possible in the GDR is not at all being approved unanimously. Some see it as unrealistic or as an election campaign trick, and others take it as destabilizing the Armed Forces and even directed against its personnel.

Why are we actually for such a move? We begin with the fact that the East-West conflict, which was made for the European postwar settlement, is being resolved. Military confrontation is approaching an end for the organized European states in both of the military blocks, NATO and the Warsaw Pact. Political goals cannot be carried out by military means anymore. Still, there is an irresponsible amount of potential threat, and social resources are being wasted for arms to a degree which approaches the effects of the use of mass destruction weapons.

For that reason, general and complete disarmament belongs to the basic political goals of our party. The European unification process offers—not the least through the democratic changes in the countries of Eastern Europe—new chances for that. They must be politically used with an awareness of responsibility.

Our goal is a democratic, antifascist and demilitarized Germany. It should only continue to live in peace with all its neighbors. This new Germany being created out of unification is only acceptable for our party as a radically disarmed country, in light of the historic German guilt for two catastrophic wars in this century and in the expectation of its strong economic capability. It should



be included into new types of non-military cooperative security structures in Europe.

The political convergence of the two German states will be difficult in any case. It could be simplified if done without the burden of military expenditures, Armed Forces, new development or modernization of weapons. For that reason, for the transition period, we are for making a contribution to the collective security in Europe in a security partnership, through reductions in the NVA [National People's Army] and the Bundeswehr (East and West German Armed Forces), through reductions in military expenditures in favor of civil development not just in the two German states, through creation of an inability to launch armed attacks in Europe.

Abolishing the draft in both German states would be a first credible step in this direction. If West Germany is not prepared for that, we take the position that we in the GDR should take this action unilaterally in free self-determination.

We are not dreamers. As long as the GDR exists as a sovereign state and does not join the Federal Republic, the GDR will also have Armed Forces. Their mission must be above all to implement and possibly exceed the disarmament tasks agreed to in Vienna, and to participate in the creation of new security concepts and structures. As long as the NVA has responsibilities to fulfill within the framework of the Warsaw Pact, the corresponding military units must function reliably and with discipline. The command structure must remain stable. As military unification concepts, joining NATO and NVA participation in a German Federal Army is unacceptable.

There is indeed a broad agreement in the goals of the democratic forces within the GDR concerning disarmament and demilitarization plans for the GDR and its Armed Forces. Political realism demands the vision of a nationwide planned process, socially contracted and internationally secured, which means, therefore, requiring several years. The "Security Model 2000" proposed by our party is already based on that, too.

Social problems will be caused by disarmament and the conversion of affected military personnel, civilian employees, their families, and employees in special production. It is understood by our party that these social problems belong in the center of any deliberations. Precisely because the current situation of social upheaval brings many social conflicts with it, the state has the responsibility to support military personnel in a special way and to guarantee their social security.

Largely through abolition of the draft, in this year the NVA could be reduced to about half of its prior personnel levels. The transition to a volunteer army would initially secure jobs for the majority of the prior professional and enlisted soldiers, even if some officers would have to occasionally carry out unfamiliar and unusual military activities in the following transitional phase. Their legal and social standing should be governed by individual duty contracts. We are definitely for civil servant status.

Along with the military portion, training of new military cadre must be designed for favorable professional prospects under market economy conditions. Correspondingly, the officer schools and other school institutions must make changes quickly to change the training profile. Every professional soldier to be released into civilian activity must be offered an appropriate opportunity for professional qualification. Concrete plans for civilian conversion, for economic and environmental use of military facilities must be worked out for every affected garrison, city or community, and for the current commands and troop units. Through the civilian use of former military facilities, a large number of modern and attractive jobs secure for the future should be created.

Of course, that cannot be left to happen on its own. With deliberate state restrictions and conditions, affected military personnel and employees at a given location must determine the most favorable course of action in agreement with their communal administration. Soldiers' councils, unions and professional soldier societies are certainly a critical and constructive partner of the commanders in realizing the great idea of disarmament so that no one loses, and all come out winners. Precisely in this sense, members of our party should participate in them in a basic democratic manner.

The PDS [Party of Democratic Socialism] faction in the People's Chamber will come out in favor of abolition of the draft before the year is over. It will present a concrete legal initiative which combines the interests of professional soldiers with the demands of disarmament. Our faction expects from the new government to be formed that it will also demand disarmament from the West German Government, in the interest of a non-threatening unification process. We will remember the election promises made.

## POLAND

### Conservative Party Comments On Depoliticized Army, NATO Membership

90EP0515B Warsaw ZOLNIERZ

RZECZYPOSPOLITEJ in Polish 6-8 Apr 90 p 2

[PAP Article: "Politicians On the Army And Defense"]

[Text] "Our relation to the role and meaning of the army in the social and political life of Poland is secondary to our conservative conception of the function of the state. In professing the idea of a strong state that will assure its citizens of a peaceful existence and the opportunity for many-sided, individual activity, we acknowledge the need for the existence of a strong army that is in a state to guarantee such order," said Jerzy Poraj-Lubach, press secretary of the Open Organizational Committee of the Conservative Party, during a conversation with a PAP journalist.

"In its outlook, this should be a professional army that is expert in and outfitted with suitably modern equipment and which has at its disposal its own Polish defense

doctrine, independent of any foreign centers. In the transitional period leading to this state, we acknowledge the need to shorten basic military service to one year. However, even when a volunteer, professional, well-trained and well-paid army exists, we consider it advisable to maintain short military duty, for example, a three-month training period for the entire, able-bodied, male population of the country. This may be useful not only in the event of a military threat, but during emergency situations, such as, natural disasters.

"Because in our conception the army is not only the guarantee of external security, but also the protector of the constitutional order of the state, it should be completely depoliticized and deideologized. This entails the prohibition of allegiances to political parties and the suspension of the right to vote or be elected in relation to them among military personnel. The person who feels a calling to be involved in national defense will not interpret this limitation as discrimination, because he is aware that an army that is not subject to political or party circumstances also ensures the stability of the state.

"The situation and role that we demand for the army will facilitate the desirable rebuilding of the prestige of the army, as one of the most important guarantees of the sovereignty of the state and its government by law. This certainly permits the significant limitation of the pacifist moods that are so popular today among young people, but which pose a threat to the state of our defenses.

"As far as participation in military pacts is concerned, we are for the potentially quick withdrawal from the Warsaw Pact, which is dying and which does not guarantee our security, and we are for bringing about the complete withdrawal of Soviet forces from Polish territory.

"In the future, we consider it possible that Poland will join NATO—insofar as it continues to exist—as a guarantee of general European peace and as security against the rebirth of a Communist threat. It is also possible that a system will be created that is characterized by bilateral pacts and closer ties among the Central and East European states—excluding the USSR—and it is even possible that a Russian national state which might come into being in the future would become part of that system," said J. Poraj-Lubach.

#### **Interdepartmental Meeting Called On Weapons Exports Guidelines**

90EP0515A Warsaw RZECZPOSPOLITA in Polish  
No 68, 21 Mar 90 p 2

[Article by Krzysztof Szczesniak: "Polish Tanks For Export"]

[Text] Top secret; confidential; burn before reading. Up until now everything connected to the arms trade has been designated with these words—half in jest, half in earnest. The recent adventure of our ship "Boleslaw

Krzywousty" became a powerful pretext to finally demystify this area somewhat or at least bring order to it.

This task has been undertaken by the minister for foreign economic cooperation, Marcin Swiecicki. On 20 March, an interdepartmental conference as well as preliminary agreements on the principles that should apply to the future export of arms from Poland resulted from his proposal.

We are a sovereign country and we cannot stop producing arms—at least until there is a general disarmament. However, our army, with the current limitations on military expenditures, is not in the position to buy the entire production that is offered by the national armaments industry. In extreme cases, it is in a position to take barely 10 to 15 percent of the annual production of certain types of military equipment.

What should be done with the rest? Tanks, transporters, some types of ships, ammunition, and radar stations come into play. If there were no market for this equipment, it would be simply necessary to close one or a few factories. However, that is not the case. There continues to be a large demand for arms on world markets, and the profitability of this type of transaction is incomparable with that in other areas.

Many countries trade arms, even neutral ones. Why could not Poland trade them too, especially if it can earn hundreds of millions of dollars in this way? Let's have the courage to begin to have financial successes, even if it is in this sphere.

The following are regulations that were accepted on 20 March. Enterprises that produce arms will be able to apply for an export concession. The Ministry of Foreign Economic Cooperation will issue the concession. At the same time, however, the Ministry of Foreign Affairs will establish a "negative list" of armaments as well as countries or regions to which export will not be possible, because they would strike a blow at the interests of Poland or the political principles that guide it. Arms trade by private persons, companies, and the like is out of the question. It will be possible to render training services, instruction, and military advice, but this will also be under the supervision of the MSZ [Ministry of Foreign Affairs].

It is worth emphasizing once more that these are preliminary regulations. In the course of next month, this plan will be presented to the Sejm. As Minister Marcin Swiecicki told reporters, the foreign affairs department will need that much time, more or less, to work out the above-mentioned list. Also not without significance is the necessity of "tightening" the borders of the RP [Polish Republic] so as to prevent the possible smuggling of arms. This is already the task of the Main Customs Office and the border services.

## Defense Budget Broken Down, Military Training Costs Specified

90EP0489A Warsaw ZOLNIERZ WOLNOSCI  
in Polish 26 Mar 90 p 5

[Article by Col. Franciszek Goral: "How Much Does Training Cost?"]

[Text] Maintaining a well-trained, well-equipped and well-armed army costs money. The argument about how much of the state budget is to be allocated for these purposes is not easy to settle. Simply saying that too much or too little has been allocated says nothing.

One thing is sure: a wealthy state can afford to have a large army and spend money on military purposes connected with the country's defense. The need for having an army and spending a large part of the national income for this purpose is determined by the size of the danger that threatens the country.

In our conditions, expenditures for defense purposes fit into three basic categories: maintenance of personnel, 61.5 percent; training, 13.7 percent; purchase of military equipment and armaments, 22.5 percent. Other expenses consume 2.3 percent of the Ministry of National Defense [MON] budget. This breakdown shows that military training, understood to be the basic activity of the armed forces in time of peace, ranks third in the estimate of expenditures.

It must be assumed that this division of the MON budget into main, and then detailed components, is an artificial device used only to facilitate defense planning. The training category includes expenditures for physical culture, operation and repair of equipment (fuel consumption), and operation and repair of real estate of a training nature. The personnel category covers: subsistence, uniforms, housing and medical treatment.

It appears that feeding the army costs more than training it. Such conclusions were already expressed in the statements of many members of parliament. Misunderstandings stem from the fact that some people are comparing expenditures for food (13.1 percent) directly with funds expended for technical materials and supplies used in the training process (1.3 percent).

Actually, that is not how it is. In order to train the military forces, barracks had to be built, soldiers are fed, they are furnished the necessary items (uniforms, toilet articles, and pay), a command and other cadre is maintained, firing ranges are set up, training facilities are expanded, and military equipment is assigned. Soldiers are organized into subunits, which are then organized into detachments and tactical units. It is difficult to imagine that soldiers would have to travel each day to a specified place for their training.

Training costs, the direct ones, must include the transport of troops for group training, settlements for damage caused during tactical exercises, and the organization of groups of subunits for special lessons. Frequent

arranging of control and inspections in large personnel groups also occupies an important place.

At the top of the list in the structure of direct costs of training is the operation of military equipment and armaments (6.4 percent) and the maintenance and repair of permanent facilities, including firing ranges and other specialized training facilities. Operation of technical equipment and armaments is understood to include their use in the training process, despite the fact that they are not a permanent training aid. Combat ammunition, explosive materials, chemical and incendiary devices, and other means for simulating the field of battle are materials used once only. In addition, training equipment and simulators are used. The costs of purchase must include the consumption of energy used to operate them.

The above-mentioned funds are within the norms of the technical materials and supplies needed for the drills and lessons prescribed in the training programs. In addition to the training program, other endeavors are also being undertaken, including: various types of courses, conferences and consultations, command and staff training and exercises, tactical drills with detachments and tactical units, combat competitions and qualifications sessions. These involve payment for travel and hotel accommodations for the soldiers who are competing, per diem allowances, and payment for the lessons conducted by persons invited from other institutions.

If we assume that the costs of a tactical exercise for one infantry battalion (without reinforcements) are about 6 billion zlotys, then after taking into account the above cited training endeavors and indirect costs, expenditures for training are much higher.

Treating the materials and supplies needed to implement the training of troops as training costs is misleading to society. Also, adding to this the costs of operating the training equipment and facilities does not give a complete picture of the outlay of materials and money. It is absolutely essential that the costs of maintaining personnel during the lessons and exercises be added.

## LOT Purchase of ATR-72 Carrier Discussed

### Passenger to Cargo Use Noted

90EP0613A Warsaw ZOLNIERZ  
RZECZYPOSPOLITEJ in Polish 15 May 90 p 2

[Article by (jbg): "Lot Airlines Chooses the ATR-72"]

[Text] Among the four offers for a short and medium range plane considered, Lot decided that the French and Italian one was the most favorable. The ATR-72 is a 72 passenger plane with turbofan jet engines that are quiet and fuel efficient. The first plane will go into service in June 1991. Its comfortable passenger cabin can be quickly adopted for transporting freight. The contract calls for purchasing 10 planes to replace the An-24 planes on the domestic routes and will cost about \$200 million.



A year ago, the three Boeing 767 planes cost as much. (The third B-767-300 will land at Okecie in August 1990.) And in spite of the initial scepticism, that transaction has proven profitable. Over the year of use, the planes Gniezno and Krakow have not only paid for themselves, but have produced significant profits and paid for more than 10 percent of the cost of their lease. They perform a third of Lot's entire regular foreign flights and are in the air for 14 hours a day (which is a sort of record). They have replaced five Il-62M planes quite successfully. So far they have completed nearly 500 flights to New York, Chicago, and Montreal, and just recently to Bangkok, carrying more than 147,500 passengers and more than 2,000 tons of freight. Their reliability (98 percent) has led to a significant increase in foreigners' trust in Lot, and they now make up nearly 50 percent of the passengers on transatlantic flights, not the previous 23 percent of the passengers, while 74 percent of the seats are filled.

The improvement of performance, especially the financial performance, by using the Boeing 767 planes has caused Lot to place an order in Seattle for the purchase of another five planes of the same type. It is not known, however, whether the American firm, in spite of constantly increasing production, will be able to ship the planes in 1994-96. The need for modern passenger jets is tremendous worldwide.

The modernization of Lot's fleet will make it possible to expand its route network. Soon in addition to Warsaw, Gdansk, and Krakow, Wroclaw, Rzeszow, and Szczecin will become international airports. There will be direct flights between Wroclaw and Rzeszow and Lwow and from Szczecin to Frankfurt on Main, Budapest, and London. Warsaw, on the other hand, will have new routes to Kuwait, Manchester, Wilno, Lwow, Burgas, and Varna. There will also be regular flights twice a week between Gdansk and Budapest and Krakow and Frankfurt on Main.

#### **Possible Polish Production Viewed**

90EP0613A Warsaw ZOLNIERZ

RZECZYPOSPOLITEJ in Polish 16 May 90 p 2

[Compiled by K. Szczesniak: "Why the ATR 72: Near, but Modern"]

[Text] It is now known that Lot will use the French-Italian ATR 72 for so-called regional air service within

Europe. The decision was announced on 14 May 1990 without any explanation of the choice among the four offers—the Canadian Dash 8, the British BA 146, and the West German Fokker, of the ATR 72.

"We weighed the decision for a long time," said Marek Kawczynski, head of the study section, who also led the negotiations for Lot Airlines. "Everything was analyzed from the financial side, through the technical parameters, to the transportation prognoses for the next few years. Our calculations showed that the ATR will ensure the lowest costs per passenger-kilometer in the current conditions, and that was the most essential point.

"Second was the price and financing. Each plane costs on the order of \$11-12 million, and I recall we want to buy 10 planes. That mounts up to a sum that Lot would not be able to bear. We asked several Western banks for credit. And it turned out that by leasing it will be possible to provide Lot with these new planes, but the details cannot be announced because negotiations are still underway.

"Finally, there is a third element, which cannot be overlooked. At the beginning of the negotiations, each of the bidders was told they had to cooperate with the Polish aviation industry, and payment of a part of the debt would be in elements and subassemblies. The Italian and French offer proved the most interesting in this respect. If everything goes well, elements of the steering system of the ATR will be produced in Mielec and Swidnik.

"Today given convertibility, this condition is not as essential, on the contrary, for Lot it would be easier to purchase the ATR without any intermediaries or participation by the aviation industry. But again, nothing can be taken for granted until the final contract is signed.

"The first plane should go into use in 1991 and the next ones by 1994. The version we want to buy can carry 64 passengers. There will be plenty of space for baggage; at night the planes will be used for air freight. Given the durability of this type of plane, which is estimated today at more than 20 years, it should on the whole pay for itself quickly. We are counting on businessmen. They should get the ability to make rapid, convenient connections not only in Poland, but with many European countries."

## GERMAN DEMOCRATIC REPUBLIC

### Unemployment Insurance Deemed Necessary in Market Economy

90GE0106A East Berlin FINANZWIRTSCHAFT  
in German May-Jun 90 pp 15-16

[Article by Dr. Gudrun Malze and Prof. Dr. Guenter Radtke, Humboldt University, East Berlin, Economics Section: "Unemployment Insurance in the GDR?—Some Thoughts Based on FRG Experience"]

[Text] For the first time in the GDR, unemployment as a social phenomenon has become clearly visible, filling the consciousness of its citizens with a profound sense of social insecurity. In the past unemployment was hidden through more or less consciously tolerated underemployment and even misemployment as measured by the relationship between nominal and actual work hours and qualifications and their utilization in the work process. In addition, the bloating of specific work categories, caused entirely by the economic and political system, demanded a relatively large number of workers who—as a rational analysis of the results of their activities would show—were not efficiently employed and will no longer be used that way under current circumstances.

The accelerating tempo of the process of social change since the fall of 1989 has set the formation of a new labor market in motion. The latter is an integral part of the market economy we are striving for, and the first signs of an imbalance between available jobs and available workers, in both quantitative and qualitative terms, are beginning to show. True, so far, assessments of future unemployment have suffered from much uncertainty because the underlying general conditions are anything but clear. However, the social problems of unemployment require urgent public debate, and a series of measures must be taken to combat joblessness and limit its social effects on the individual.

As an interim solution, the adoption of the 8 February 1990 Regulation concerning the payment of government benefits and company compensation to citizens during job placement (Legal Gazette I, No. 7) was a first step in this direction. "The regulation will be in effect until unemployment insurance and the payment of unemployment benefits are regulated by law," states Paragraph 11, Section 2. That means that, in a sense, a preliminary decision has been made—unfortunately without public debate—to design measures for dealing with joblessness and their financial ramifications through insurance arrangements that must be organized.

To address the emerging real social issue in the GDR, one probably should attempt to design an unemployment insurance system that could be integrated, to the largest possible extent, into the FRG model, which has existed in its present form since 1970.

### Unemployment Insurance System in the FRG

On this basis it seems useful to start with a brief outline of the FRG unemployment insurance system. Here, unemployment insurance is coupled with work promotion. Institutionally, both are handled by the Federal Labor Office in Nuremberg and the labor offices under its jurisdiction. Work promotion includes measures designed to prevent or end unemployment, including job-market research and job analysis, job placement and counseling, promotion of training and support on entering the workforce, as well as worker rehabilitation. Within these categories, funds are available for a number of individual measures.

However, since unemployment has been a mass phenomenon for years, in spite of all efforts to prevent or eradicate it, social safeguards must be set up to deal with its immediate economic and social effects. This means that in case of unemployment—which usually means a loss of income—compensation for lost wages or salaries must be paid. These are legal claims based on the worker's past affiliation with the unemployment system, which requires him to pay monthly contributions to the system. The length of time and level of the unemployment benefit claim depend on the length of time the unemployed was insured, on his age, and his family situation. Currently, it is for a maximum of 32 months, ranges from 63 to 68 percent of his most recent net earnings, and may be discontinued under certain circumstances. After the payment period has expired, unemployment payments are made in the form of public assistance to those jobless people whose need has been established. Public unemployment assistance is not paid from unemployment insurance, but from FRG budget funds. (The maximum unemployment assistance is 58 percent (with children), and 56 percent, respectively, of the insured's established median net income.)

Besides unemployment benefits, there are funds to compensate for the loss of income due to bankruptcy and the subsequent inability of the employer to make payments, for shorter work weeks and for adverse weather conditions in the construction industry, as well as for job-creation programs.

Work promotion and unemployment insurance programs are funded from

- unemployment insurance contributions. That, by law, includes all workers and employees (not insured are self-employed persons, government officials, social security recipients, as well as workers and employees above the age of 63);

- company contributions;

- special assessments to support construction during the winter months and finance income losses due to bankruptcy, and

—FRG budget funds in the form of grants or loans in cases where contributions and special assessments prove inadequate.

Contributions—of which each employee and each employer is required to pay 50 percent—are based on the insured person's gross earnings. The assessment basis changes annually in line with income changes (1989: DM 6,100 a month). The rate of the contributions also varies and is currently 4.3 percent (1989 maximum: DM 262.30 a month).

#### **Questions To Be Asked and Resolved With Respect To Unemployment Insurance in the GDR**

Which questions must be asked with regard to unemployment as a social problem in the GDR, and which decisions must be made?

Since the above-mentioned regulation announces an unemployment insurance system, there is probably only one thing that remains to be done, namely, to reach consensus on

- what the insurance should cover;
- the best way to finance the necessary benefits, and
- the most suitable form of organization.

Since prevention, the fight against, and protection from, the economic effects of unemployment must be seen as a unit, "work promotion" could usefully be made a part of unemployment insurance. Insurance protection should also include all measures which help reintegrate people into the work process and prevent repeat unemployment. Among them are undoubtedly:

- promotion of career preparation of the unemployed through training, advanced training, and retraining;
- support on entering the workforce through subsidies for expenses while seeking work, travel and moving expenses, necessary work equipment expenses, etc.;
- vocational rehabilitation of the handicapped in the absence of other legal rehabilitation measures in the widest sense, and
- employment creation measures.

Here the most important consideration here must be to ensure financial protection through unemployment insurance, since such benefits exceed the capabilities of an insurance organization.

Wage and salary compensation payments must constitute the second pillar of the benefit system. Their level can only be based on the insured's net income prior to unemployment, or the net income an insured would have received, had he started his employment after completing his vocational training and continued to work, or had he been hired after completing his studies. Equal thought must be given to, and decisions must be made on

absolute minimum and maximum amounts as well as the general percentage rate of the net income that must be paid.

Unemployment benefits should be limited to the period of unemployment. Discontinuation of payments after a certain time period would lead to dependence on government assistance, and that appears to cause problems in many respects. The needed budget funds could be set up as regular allocations to finance the unemployment insurance system under the law and hence would achieve the same purpose in a straightforward fashion.

In this connection, it must be determined—that is, clearly delimited—which type of work an unemployed person can be expected to perform and thereby prevent the unwarranted prolongation of unemployment. The extent to which benefits due to bankruptcy and short-time work must or can also be included in the insurance must be determined in connection with the regulations designed to address such phenomena. This then would affect funding.

The fact that unemployment and its ramifications as well as attempts to influence it are a social problem must also be taken into account in funding the unemployment insurance system. Funding, therefore, may be expected to come from the following sources:

- worker contributions (the insured);
- employer contributions;
- public funds, and
- special company assessments, if necessary.

The contribution rates and bases for calculating the contributions would have to be established after the necessary computations and expense accounting have been completed.

#### **Need for the GDR's Own Organizational Unemployment Insurance Structure**

The GDR must have an organizational unemployment insurance system of its own. Since there is a close association between joblessness, work promotion, and job placement, it seems to make sense to assign these tasks to the labor offices. Since the latter can only work along territorial lines, an umbrella organization with overlapping responsibilities would be required that could also be responsible for branch coordination and thus complement the regional work of the labor offices.

Set up as public entities, the unemployment insurance institutions, including job placement and work promotion, would have to operate as self-governing bodies. That means they would work under the direction and control of self-governing organs, in which all those who participate in the funding are represented.

The Federal Office of Labor in Nuremberg, which discharges its responsibilities in accordance with the Work Promotion Law, and its self-governing organs are structured as follows:

- main office/administrative council, executive board;
- laender labor offices/administrative committees, and
- labor offices/administrative committees.

One-third of the members of the self-governing bodies represents the insured, one-third the employers, and one-third public entities.

## HUNGARY

### Tungsram Authorized To Barter Robotics Technology for Lada Cars

90CH0129B Budapest VILAG in Hungarian 5 Apr 90 p 33

[Article by "I.Sz.": "Ladas Without a Waiting List"]

[Text] While Merkur continues to struggle with allocating the few cars it has among its customers who are forced to wait for years, several thousand cars are arriving from socialist countries independently of Merkur and of intergovernmental trade agreements. The essence of barter is that firms trade goods for other goods.

A few weeks ago the General Consumer and Marketing Cooperative in Eger bartered champagne for 150 Polish Fiats (Model 126) and indicated that it would be able to import through barter 4,000 more such small cars before the end of the year. Now the cooperative has acquired a new "colleague": True to his promise made earlier, Trade Minister Tamas Beck has signed yet another license, this one enabling Tungsram Corporation's Trading House to conclude barter deals for cars. The corporation has bought 2,000 Ladas, which are one of the "hardest" commodities the Soviets have. In exchange for the cars, the corporation is supplying valuable merchandise of good quality: controllers for spot-welding robots. The corporation is getting the cars for the same price as the Hungarian Government.

The cars are expected to arrive at the end of this year. Tungsram plans to sell 1,000 of the cars to its employees, at the official price, and to place the other thousand at Merkur's disposal.

One of the most difficult questions is who among the domestic enterprise's 17,000 employees will get a car. The biggest risk of the entire Lada deal, managers believe, is that malicious rumors might spread within the enterprise about how the purchasers are selected from among the employees. Therefore the office of the director general has ordered that an impartial and objective distribution system be devised, one that disregards position, past merit, and influence. The possibility is not excluded that the new car owners might be chosen by lot.

Tungsram Corporation is planning to sign a similar contract in Togliatti, for 1991. But the purpose of that deal will be to save scarce hard currency.

### Soviet Statement Makes Pitch for Continued Trade

#### Trade Representative Blames Mechanism

25000725A Budapest NEPSZABADSAG in Hungarian 19 Apr 90 p 9

[Article by Yuriy Chugunov, Soviet trade representative to Hungary: "The Mechanism Experiences Crisis"]

[Text] Recent statements that have appeared in the Hungarian mass media, and statements made by the economic leadership and a number of representatives of political parties, are paying increasing attention to the problems of Soviet-Hungarian trade relations. In the course of such statements they question from time to time the utility and advantages of economic cooperation with the Soviet Union, and proclaim the need for the earliest possible changeover of the Hungarian economy to Western markets as the sole possible way out of the present complicated social and economic crisis.

Not only do the dynamics of mutual trade attest to the proportions of the people's economy tasks resolved as a result of the joint efforts of our two countries. (During the last four decades alone our mercantile trade has multiplied more than 40 times in volume; the average annual developmental rate exceeded 17 percent.) With the technical involvement of the Soviet Union, in the framework of bilateral relations which developed in a dynamic fashion, and in the framework of large scale programs implemented in regard to specialized and cooperative production, a modern electrical energy branch was established in Hungary. The Paks Nuclear Plant provides almost half of all the energy produced in Hungary (and at a relatively low cost as compared to the rest of the [energy] sources. [Similarly,] a crude oil refining and processing capacity, and a number of developed machine industry branches (bus and truck manufacturing, ship building, etc.) and important infrastructural objects (e.g. Budapest metro, radio broadcast transmitters, etc.) were established. It would be difficult to overestimate the role played by Soviet heating fuel and raw material deliveries in the satisfaction of Hungarian economic needs. Suffice it to say that 100 percent of Hungary's imported energy resources, 90 percent of Hungary's iron ore and wood base materials, and 60 percent of Hungary's cotton supplies are imported from the Soviet Union. The Soviet Union also occupies a leading place in the Hungarian market in regard to individual machines and machinery equipment delivered, including personal vehicles and trucks, tractors, and road construction technology. Hungarian consumers are well acquainted with Soviet refrigerators, washing machines, motion picture and photographic equipment, and other household machinery.

Along with all this, heating fuel and raw materials imported from the Soviet Union enable Hungary to supply its own industry and agriculture. It also provides for the exportation of numerous semi-finished products and processed raw materials (oil based products, steel products, aluminum products, chemical industry items, etc.), which provide a substantial part of the country's convertible currency revenues. In addition, 70 percent of Hungarian buses, ship building industry products, and food industry equipment is exported to the Soviet Union, and so is 60 percent of export consumer goods (silk, textiles, shoes, pharmaceutical products).

In examining the efficacy and advantages of bilateral trade we must establish the fact that the Soviet Union is Hungary's largest economic partner, [as a customer for] about one quarter of the total Hungarian mercantile sales volume. (The same ratio from the Soviet standpoint amounts to between six and seven percent.) It is apparent that this high ratio cannot be explained on the basis of mere political reasons, but also requires economic interests. According to calculations, the ratio of "hard" goods exported from the Soviet Union to Hungary is as high as 75 percent, while the same ratio in regard to Hungarian deliveries [to the Soviet Union] is only 25 percent. Base materials and raw materials constitute the largest part of Soviet hard goods. In 1989 the Soviet Union delivered such goods valued at 3.1 billion rubles (i.e. 88 billion forints). If Hungary had to buy all this at the world market for convertible currencies, [the same] would have cost [Hungary] at least \$3.6 billion, i.e. about 225 billion forints. Thus, in 1989 alone, thanks to Soviet heating fuel and raw material exports, Hungary saved about 137 billion forints. Part of this money was spent on subsidizing the exportation to the Soviet Union of Hungarian goods which were produced at a lower rate of productivity. Starting from this fact, even if we take into consideration the loss incurred by not selling the Hungarian goods delivered to the Soviet Union at higher prices for freely convertible currencies, bilateral trade in base materials and raw materials produces a more than 60-billion-forint savings for Hungary. Beyond these matters one must take into consideration that in trade among CEMA member countries the prices of mutually supplied machinery equipment exceed world market prices by 50 percent on the average. Since the ratio of these products exported to the Soviet Union is more than 50 percent, while from the standpoint of shipments from the Soviet Union the same amounts to a mere 16 percent, this pricing system benefits mainly Hungary. For each ruble derived from exports to the Soviet Union, Hungary pays 35 forints in the average, while it receives about 52 forints from each import ruble. Using the volume of 1989 mercantile trade as a basis, this represents more than 50 billion forints in savings, more than four percent of the country's national income.

One must also note that, consistent with an intergovernmental agreement reached on 26 March 1976, there is a possibility for settlement in convertible currencies even within bilateral trade. In this framework Hungary

exports food to the Soviet Union in lieu of oil and natural gas. Conditions specified in the agreement provide that the value of mutual deliveries must be more or less the same. Despite this, as a result of the fact that the Hungarian side did not purchase energy resources for the full value of the goods it delivered, the Hungarian side acquired a significant, more than \$2.7 billion surplus in the framework of this structure. This [surplus] plays an important role in preserving the country's solvency in a critical period when foreign indebtedness is rapidly increasing.

In this context one also must not forget that since in the framework of the aforementioned agreement the mutual delivery of goods takes place at prevailing world market prices and conditions, the Soviet Union does not derive any practical advantage at all from the fact that it buys food from Hungary, at a time when [Hungary's] possibility of selling these [food products] is at least limited in convertible markets. All of this suggests that direct or indirect temporary Hungarian losses that appeared in bilateral trade during the last two years must not cast doubt on the economic utility and advantages of trade between our two countries.

It is yet another matter that the imperfect mechanism established essentially in the 1950's, which bears the marks of the administrative management system, indeed produced and [continues to] produce certain structural disproportions both in trade relations and in Hungarian industry.

In late March we conducted negotiations at the intergovernmental level in this regard in Budapest. As a result of these negotiations a partial agreement was reached concerning the preparation and signing of an intergovernmental agreement until July 1990 [as published], and further, concerning the fact that beginning in 1991 we will change over to cooperation that functions according to new market mechanisms, which includes consideration of world market prices and convertibility in every field of trade and financial relations.

Accordingly, it would be more appropriate not to talk about a crisis of Hungarian-Soviet cooperation as such, but instead to urge a change in the mechanism of economic cooperation.

#### **MDF Economist Disputes Statement's Merit**

*25000725A Budapest NEPSZABADSAG in Hungarian  
19 Apr 90 p 9*

[Article by Hungarian Democratic Forum (MDF) economist Peter Akos Bod: "Why Hungarian Goods Are 'Soft?'" ]

[Text] The head of the Soviet trade representation in Budapest is endeavoring to change the negative image that evolved in Hungarian public opinion concerning Hungarian-Soviet economic relations. Although I am unable to agree with every aspect of his analysis, I am able to essentially agree with the conclusion reached



toward the end of the article: "... It would be more appropriate not to talk about a crisis of Hungarian-Soviet cooperation as such, but instead to urge a change in the mechanism of economic cooperation...." It is indeed true that geo-economic, cultural, and economic structural reasons warrant the maintenance of close economic relations between the people of our country and the peoples of the Soviet Union. Nevertheless, changes in the principles and the mechanism of cooperation, as well as the turning in the direction of the global economy by every country in the East-Central European region—including the Soviet Union—is unavoidably accompanied by a reduced intensity in CEMA cooperation. The signs of this could be seen for quite some time, and by now it is impossible not to notice the symptoms of CEMA's crisis.

The few objections I have to the author's description of the facts relates to this matter. I do not know whether in recent times the dynamics of Hungarian-Soviet trade have indeed increased at an annual rate of 17 percent, but it is certain that in 1988 and 1989 our trade volume declined, and this process is even more apparent this year. Due to a weakening in Soviet preparedness to deliver, there are gaps insofar as raw materials are concerned, while due to reduced Hungarian military expenditures and an upswing in machinery imports paid for in convertible currencies, there has been no Hungarian demand for a significant part of the Soviet machinery and equipment inventory. And because in this regard we are dealing with a long-term trend, restoration of the earlier dynamics cannot be expected even under different conditions of settlement.

From Mr. Chugunov's standpoint there is much truth to the statement that the development of a few "developed machine industry branches (bus and truck manufacturing and shipbuilding)" and the evolution of a Hungarian export supply structure dominated by processing industry goods may be credited to Soviet demand. This, however, is only one side of the coin. The author also flashes the other side when he states that the ratio of "had" goods in Hungarian supplies amounts to only 25 percent. Indeed, shipbuilding and the manufacture of public road vehicles have become hopelessly noncompetitive in world markets due to several decades of adaptation to Soviet needs. In writing about the Soviet influence upon the Hungarian economic structure—while conveying a certain sense of hurt feelings—he highlights precisely one of those reasons which are responsible for today's difficult economic situation, and because of which we are preparing for a comprehensive rearrangement of the external economic system of relationships. On the other hand, he is entirely correct in saying that the transition will present a further burden to Hungary, even though a change in the principles of settlement is unavoidable, because the processes could not have been carried further even by retaining the old forms.

### Overhaul of Statistical System, Approach Urged

25000725B Budapest FIGYELO in Hungarian  
26 Apr 90 p 7

[Article by Maria Zita Petschnig: "What Are We Hanging On To?"]

[Text] There are problems with economic statistics, not only according to the passive users of such data, but also according to those who produce it. For this reason I agree with Jenő Vegvári. He believes that "Hungarian economic statistics require ... not only a simple adjustment, ... our entire statistical philosophy needs to be changed instead."

The deputy chairman of the Central Statistical Office [KSH] attributed the reason for renewing the methodology to the appearance of new actors in the market place. Stated differently, he attributed this matter to the fact that reality has slipped out (also) "from under statistics." This is one side of the issue, which offers an urgent conclusion from the standpoint of future statistics. The other side of the issue cautions in regard to judgments made concerning the past, and flows from the fact that part of reality has never formed the basis of statistics. That is, generally speaking, the function of economic statistics was to fill in the legal gaps on the basis of results shown, and therefore statistics had to concentrate on success. Aside from that, the need for continuous self-verification focused on the measurement of achievements that appeared naturally; after all, both short-term and long-term planning goals were determined in this way.

### Matters To Be Ashamed Of

Later on, as success ran short, well managed statistics (held in one piece) were assigned a new function. This was to make the things that did not turn out to be successful disappear, and to cover up matters one should be ashamed of. As it turned out in recent times, this effort was so successful that International Monetary Fund experts "recommended" that those who produced these data be awarded the Nobel Prize. (They probably meant the alternative Nobel Prize, once they saw the double bookkeeping.) Returning to serious discussion: If the consumable income side did not correspond with reality, one could assume, not without foundation, that the side which showed the income consumed did not match with reality either; if something is wrong in a financial balance system then the whole thing is wrong. These are rather heavy conclusions. Those who created this situation suffered, as did those who were forced to use this "take it or leave it" supply.

Let us take a closer look at the problem of measuring inflation. Up to this date the statistical system did not—could not, or did not want to—recognize the existential form of socialist economies: the shortage economy. In a shortage economy the so-called suppressed, choked off inflation, or money supply inflation, lives side-by-side with the inflation of prices. There are

many descriptions about the many ways in which the purchasing power of money may be reduced, even if prices remain unchanged, and if the only thing that becomes apparent is that at these stable prices one cannot obtain the desired merchandise or service, or is able to do so only with a run around that costs time and money, and/or by paying surcharges.

Examination of this reality was not within the sight of statistics. And so the real wage and real income increases that were shown for a long time were based on an assumed ability to purchase, and not on the actual ability. In essence they applied, and continue to apply, an inflation measurement and a calculation of the consumer price index that would be adequate in a market economy, but they did so under inadequate conditions. Quite naturally, the results of this system were able to satisfy the political sphere's hunger for success, and were able to support the false ideology which states that there is no inflation under socialism.

### Greater Breathing Space

Although following the 1968 reform, free pricing was attached to a greater breathing space, we cannot say that the full scope of inflation in Hungary became reflected in the consumer price index. Only the politically permitted part of the actual inflationary pressure surfaced in the form of increased price levels. In individual years this increase was defended as tolerable within the populace's limits of endurance by the leadership.

But no less objectionable was the way in which the more expensive consumption was expressed in statistics. Originally, the method was based on the idea that prices seldom change, therefore until 1958 they observed price changes only in regard to 150 products. This could be traced on the basis of documents at the pricing authorities. According to the price list method used after 1958 the individual price indexes of products recorded in price lists maintained by pricing authorities were weighted with a measured, or rather an appreciated sales volume. This methodology expressed that era's outlook on production, i.e. that they are really producing what appears on the list, and that buyers indeed want to and are able to purchase, at predetermined prices, what is on that list.

Beginning in 1968 the KSH returned to the process based on the observation of so-called representative products. Compared to the earlier practice this provided an opportunity to show at least part of the price increases that resulted from product substitutions. But it was still unable to show the actual increased cost of consumption. The outcome produced by the group of products observed was affected among other matters by the fact that weights applied on the basis of household statistics and sales data used actual realization, while the prices used for calculations represented the offering prices that passed through the filter of the statistical large enterprise.

The filter represented the "price production practice" that evolved within the state administrative organ which enjoyed a monopolistic situation, one that exerted an effect also independent from intentional distortion, based on the regularity of the internal control of price data.

The system that was established after 1968 was unable to deal with two peculiar features which flowed from price and production conditions. One was the result of the fact that until most recently our pricing system was neither fixed nor entirely free. Sampling processes based on representative products were unable to establish a proper ratio between the price category of representative products that were used in the sampling process on the one hand, and the price category of actual sales, on the other.

### Cut Tight

The other shortcoming may be traced back to a manifestation of the shortage economy which permits ample room for hidden price increases. The effect by which the cost of consumption was increased as a result of product exchanges forced by the monopolistic position of the supply side could be reflected only in part by the representative products. This depended in part on how close cut (i.e. close to the price list system) such changes were, and in part on the interpretation of the contents of the representative product by those who produced the price index. Whenever a new representative product appeared, or representative products were changed, even the modernized post-1968 computerized technology produced the same effect as the previous system that it was supposed to exceed. Lacking continuity, the system was unable to show the erosion of money resulting from the more expensive new product that was sold.

I believe that, considering the above, there is only one proper answer to the question concerning the size of inflation, and the size of inflation 10, 20, or 30 years ago. The answer is that we cannot tell how great inflation is, or was. From among the other indexes that may be summoned for help, the producer price index is wrought with even more problems than the consumer price index, according to those who prepare it. And the so-called implicit price indexes (the ones that show the quotient of the current and the constant price of the gross domestic product, the national income, etc.) are struggling in part with difficulties of accounting for current prices (and this says everything to which Jeno Vegvari refers in his article (FIGYELO No. 10, 1990): According to the KSH ... from the standpoint of methodology, the price indexes calculated for various areas of the economy do not constitute a streamlining system.

We may be certain that the about 20-percent consumer price increase shown today cannot be compared with the five-percent price decrease of 1954, in terms of a value judgment. By looking at consumer price indexes one after another we may only conclude that price inflation shows a strengthening trend. (The producer price index attests to the same phenomenon.)

Until most recently, (essentially as long as the price index did not register double digit increases in the consumer price level), lack of knowledge about the exact rate of price inflation did not bother society too much. It received from the top the items that were supposed to compensate for price increases, society had no, or hardly any, opportunity to start bargaining about these. Business organizations could receive support from budgetary resources against the possible fateful occurrence of inflation, and did not really need to consider in calculations the so-called anticipated inflation. (Also, international experience indicates that under conditions of inflation that is free of great fluctuations, has a stable rate, and is in the single digits, income recipients do not manifest substantially different conduct than when money firmly maintains its purchasing power, and under such circumstances knowledge or lack of knowledge about the anticipated rate of inflation is not overly important.)

### The End of Peace

Aware of the Hungarian economic situation in the present and the situation that can be expected in the near future, drawing the conclusion that this is the end of "peace time" conditions is not premature. Inflationary expectations affect contracts in increasingly broader circles. A demand for indexing is also gaining strength. Thus the value of knowing the rate of inflation appreciates, because it becomes the subject of bargaining among a variety of parties who enter into contracts. Accordingly, price index calculations must satisfy more than just needs at the level of macroeconomic management; demand for such calculations by the micro-spheres of producers, consumers, and savers is also on the increase. Consequently, it is expected that the consumer price index will be the subject of a more concentrated volley, and on top of that, of a volley which includes "sharp shooting." This also calls attention to the fact that the time has come to fundamentally change the economic statistical system, which thus far has produced data mainly to satisfy state administrative needs.

### Antall Reassures Foreign Bankers, Expresses Optimism

25000725C Budapest NEPSZAVA in Hungarian  
29 Apr 90 pp 1, 3

[Article by Janos Vajda: "Antall on the Future of the Economy"]

[Text] An international conference of bankers and financial experts from capitalist countries to prepare for the Houston summit of leaders of capitalist countries was held yesterday morning at the Hungarian National Bank [MNB]. The meeting was chaired by MNB President Ferenc Bartha. Hungarian Democratic Forum [MDF] Chairman Jozsef Antall described the future government's concept concerning East-West relations, and its intentions concerning the fulfillment of Hungary's international economic and financial obligations.

In his opening remarks Antall stressed that Hungary's situation is politically stable, and that this stability can also be secured in the course of the upcoming years. There are opposing views among the parties, but the extent of these—even if on occasion they evolve into personality conflicts—is no greater than what is accepted in a normally functioning democracy. It is important that in regard to judging the fundamental national, political institutional system, and with respect to essential economic and financial issues, a virtual strategic agreement evolved.

Antall reassured those present about the firm intent of the future government in regard to maintaining the country's solvency. He regards the earlier international financial agreements and debt service obligations as fully binding. Speaking of internal transformation, Antall explained that the implementation of privatization and structural change is the party's firm intent, within a realistic time frame. Meanwhile, however, necessary conditions to moderate both inflation and the unavoidable unemployment must be established.

Unfortunately, great backwardness exists in the so-called socialist social systems, and thus also in Hungary, in regard to the development of a real social institutional system. In this relation he said that in his view effective organizations which protect interests are missing. Old trade unions in the process of transformation have lost the people's respect; new ones have not acquired sufficient prestige and their membership is small. A balance for the preparedness of employers and employees to negotiate is not secured.

Responding to a question, Antall said that although we have no chance of being accepted by the European Community prior to 1992, our desire to become a member is by all means realistic once the economic and political conditions become ripe, within three to five, or even 10 years after '92.

In conclusion Antall stressed that Hungarians not only agreed to play a pioneering role in toppling the Eastern bloc, but are also catalysts in regard to transforming the economic system. They are treading a path travelled by no one before. Although the severe difficulties facing us have not yet become part of consciousness in every stratum of society, he and his party are optimistic about the future.

### Hundreds of U.S. Firms Show Interest in Joint Ventures

25000725E Budapest FIGYELO in Hungarian  
3 May 90 p 10

[Interview with OPIC [Overseas Private Investment Corporation] Chairman Fred M. Zeder, by Andrea Gal-lai; place and date not given: "Hungary Is Safe; Several Hundred Potential Partners"]

[Text] The Overseas Private Investment Corporation [OPIC] occupies a special place in American business.



Their mission is to initiate new investments in developing countries and to make the firms they represent a success. This association, which maintains relations with 110 developing countries, held its meeting for the first time since its founding 20 years ago, in Hungary. The meeting took place in late April. OPIC Chairman Fred M. Zeder answered our questions.

[Gallai] How many of the 2,500 American firms have expressed an interest in Hungary?

[Zeder] The last time I paid a visit here last October I had 70 inquiries in my pocket. Seven months later several hundred American firms expressed a specific desire that we seek out for them Hungarian partners for the establishment of joint enterprises. In the course of a quarter year more events have taken place than during our 20 years of existence. From among the East European countries at present your country is the most sought after.

[Gallai] What is the reason for this, from the standpoint of American business?

[Zeder] The initiative Hungarians are known for—that they enter a revolving door after you but come out ahead of you—does not have pejorative connotations at all in business. In the course of negotiations a good deal of aggressiveness is needed, which holds true on an exponential basis if a person wants to sell something. And then, in the United States we saw many products which originated in Hungary, and they were of excellent quality. I know that this is not true with respect to all of your products, nevertheless it is proof that you are capable of performing quality work. I am aware, for example, of the concern your airline has in regard to airplane spare parts supply, and that the spare parts received are often of questionable quality. And what did you do? You began manufacturing units that were missing. This is what we like overseas, both I and others. And then something else, and this is very important: The attitude of your outgoing government toward economic transformation is very positive. We are able to cooperate with them in an outstanding manner. The best proof of this is that the main goal of my visit last October was not impeded by any obstacles, and we signed an agreement stating that our organization has the opportunity to establish direct cooperation between the two countries' entrepreneurs pursuant to the basic concept of our organization. I am consciously using the term "entrepreneur," because I believe that along with large state enterprises—which are also forced to engage in entrepreneurial activities, of course—we may find dozens of partners among private entrepreneurs.

[Gallai] In which fields does American capital show a willingness to cooperate?

[Zeder] In communications, [personal] transportation, the transportation of goods, tourism, the light industry, a few branches of agriculture, and in the production of various quality products.

[Gallai] The infrastructure—communications, transportation—take first place among the areas to be developed. Would the lack of these not restrict cooperation?

[Zeder] Yes, to a certain extent. But I would instantly add that the business infrastructure is most developed in your country, of all the countries within the entire East Bloc. I am thinking of the fact that in October there was only one American bank, Citibank, and now an increasing number of banks are coming. I also have in mind the fact that you have an exchange. I was there. I saw it. True, it is not large, but it is functioning. This in turn means that the order of values held by people who live here comes close to ours. That is, on the exchange the participants are being assessed. In business life you get used to the fact that an enterprise has value, you know the method by which the assets of a firm may be calculated. Simply put: The climate is good already.

[Gallai] Which areas of insurance are most important relative to investments in developing countries?

[Zeder] There are three main areas. First, a guarantee that the investor will receive his investment in foreign exchange. The second form of insurance was created for instances when a joint investment is nationalized. The third risk factor is political change, a possible war. Firms who commission us to do business on their behalf also commit their insurance with us, and I must say that this is a very profitable business for OPIC. One must know, of course, in which country it is worth investing in a given period, where the risks are the smallest. Business escapes from risky areas.

[Gallai] In Hungary, however, thanks to your help, four or five joint enterprises will be formed in the near future....

[Zeder] The facts speak for themselves. Among the developing countries we regard Hungary as one of the most secure places.

## POLAND

### Regional Labor Market Reports Show Increased Unemployed

90EP0612A Warsaw RZECZPOSPOLITA in Polish  
9, 17, 27 Apr 90

[Unattributed reports: "The Labor Market"]

[9 Apr p. 2]

[Text] The situation on the labor market is getting increasingly difficult. Our correspondents report declining numbers of offers and increasing numbers of unemployed people.

In the Opole Voivodship, over the course of the past two weeks the number of unemployed has risen from 2,500 to 3,200, and the number of job offers has fallen from about 800 to slightly below 700. But, for example, in Glucholazy and Niemodlin, there is not a single job

available. There are quite a few unemployed in Nysa, Brzeg, Kluczbork, and Namyslow. It is most difficult to find jobs for economic technicians, farm workers, locksmiths, bricklayers, drivers, and tailors. There are no jobs for graduates of general high schools. Among the registered unemployed are 13 invalids.

In Skierniewice Voivodship, there are more than 2,400 unemployed and fewer than 100 job offers. So far 23 have been sent to intervention jobs. Three plants have announced lay-offs for April 1990 that will affect 350 individuals: the trade enterprises in Rawa Mazowiecka, 157; Syntex in Lowicz, 184; and the State Motor Transport in Rawa Mazowiecka, 13. About 650 individuals are receiving benefits.

In Krosno Voivodship, the regional labor offices have registered more than 4,600 individuals, nearly half of them women. Recently, lay-offs have been announced at the Autosan plant (400) and at Stomil in Sanok (400), among others. Many other enterprises are hanging on for the time being by giving their employees unpaid vacations.

[17 Apr p. 2]

[Text] The number of job offers is declining; the number of unemployed increasing. Our correspondents report new announcements of group lay-offs.

In Skierniewice Voivodship, there are 69 job offers waiting for applicants, including 19 women and 58 men for worker jobs. Meanwhile, there are nearly 3,300 unemployed, including 1,399 women. They are chiefly individuals with a basic education and with basic vocational training. Thirty-three individuals have been sent to intervention work. In the near future, lay-offs are expected at the trade enterprises in Rawa Mazowiecka, 157, and at the Zduny Agricultural Circles Cooperative, 24 individuals.

In Bialystok, there are about 6,600 unemployed registered. By the end of June 1990, the group lay-offs announced will affect as many as 2,300 individuals.

In Lomza Voivodship, more than 1,000 unemployed individuals have been registered. In conjunction with the liquidation of the Voivodship Administration of Gmina Cooperatives about 400 individuals are expected to lose their jobs.

In Pila Voivodship, in the 8 regional labor offices, there is a total of about 4,200 unemployed, including 2,000 women. There are only 145 job offers for them, including 24 for women. The residents in the area of Walcz are in the most difficult situation where there are 900 unemployed. Further group lay-offs have been announced by 53 plants. Bricklayers, drivers, carpenters, and locksmiths are seeking work; individuals with higher educations are also registering—economists, teachers, farmers, lawyers.

In Walbrzych, there are more than 400 job offers, most are in the city itself and in Swidnica. In the voivodship, there are 4,250 unemployed; nearly 800 individuals are receiving benefits. The largest number of unemployed are technicians, economists, construction workers, drivers, and miners.

[27 Apr p. 2]

[Text] In Bialystok Voivodship, the industrial construction and building tile company, the dairy industry renovation company, and the dairy products sales cooperative have announced the next round of lay-offs. In all, the lay-offs will affect 900 individuals. In Bialystok, the number of unemployed has already passed 6,059, including 3,229 who had not worked for a long time. Unemployment benefits have been paid to 3,196 individuals.

In Ostroleka Voivodship, half of those registered, 2,083 individuals, have received benefits, while drivers, mechanics, welders, and sales personnel are still being sought.

In Krosno Voivodship, 5,653 individuals among the 5,908 registered unemployed have received benefits. As part of the investment work, 40 individuals have been hired, chiefly by the water and municipal services partnerships. It is expected that further lay-offs will affect about 120 individuals from work cooperatives.

In the Skierniewicki Voivodship, 1,275 benefit payments have been made to the unemployed of whom there are 3,309 registered. Work has been found for 151 individuals of whom only 119 took the jobs; 46 individuals were sent to intervention jobs. The average benefit in March in the voivodship was 181,530 zloty.

**First Quarter Production Fluctuations, 'Deepening Recession' Viewed**

90EP0534A Warsaw ZYCIE GOSPODARCZE  
in Polish 15 Apr 90 p 11

[Article by Marek Misiak: "The Depth of the Recession"]

[Text] Waldemar Kuczynski, minister and head of the team of advisors in the Office of the Council of Ministers, while presenting the first-quarter economic figures in TIP, said that production sold in industry in March was about the same as in February. To be more precise, in terms of one working day it was even 0.4 percent higher than in February. But can this be regarded as a sign that the recession is weakening? I think not, unfortunately. First of all, because the last month of the first quarter, as a rule, has shown a certain seasonal growth in production. In 1988-89 it was relatively small (1.5 to 1.8 percent), because these were the years in which the decline had made itself increasingly evident. However, the only 0.4 percent growth of production in March, compared to February, shows that even in March the recession was still deepening.

This conclusion is prompted also by a comparison of the indicators of a drop in production in February (31.0 percent) and March (31.7 percent) with the same months last year. In various forecasts (including those published in ZYCIE GOSPODARCZE) the possibility of a higher than 30 percent decline in production in March, compared with March of last year, was predicted. Dariusz Jaszczynski, from the Institute of Finance, came closest to estimating the degree of production decline when he predicted that March production will be 31.8 percent lower than March a year ago. (See "Aktualnosc" [The Realities], ZYCIE GOSPODARCZE No. 12.)

The largest drops in production were in the branches of the food industry (41.4 percent in March 1990 compared to March 1989; 40.8 percent in the first quarter) and the light industry (44.3 percent in March; 37.3 percent in the first quarter). Similar indicators for March in the paper-pulp industry are 40.3 percent, in the first quarter 27 percent; in the minerals industry, 35.4 percent and 37.1 percent, respectively; in the chemical industry, 33.7 percent and 22.7 percent; in the electrical machines industry, 23.1 percent and 20.3 percent; fuels and energy, 28.8 percent and 20.3 percent; and metallurgy, 17.7 percent and 12.5 percent.

In construction, production in March was 16.9 percent lower than in March of last year (in the first quarter, in terms of one working day, it was 19.2 percent lower). In March (excluding the private sector), 28.9 percent fewer dwelling units were completed than in March 1989; in the first quarter, 27 percent fewer than last year.

In railroad transport, freight haulage in March was down 29.3 percent compared to March of last year (in the first quarter, 25.7 percent lower than in the first quarter last year). In vehicle transport (excluding private), the decline of haulages in March (compared to March of last year) was 65 percent, and in the first quarter it was 56.5 percent down from the first quarter of last year. Transshipments at seaports declined in March (compared with March 1989) by 16.7 percent, and in the first quarter, by 20.1 percent compared with the same period last year.

In agriculture, figures from the beginning of this year indicated a drop in heads of cattle from 10.6 million in October, to 10.3 million in January, and hogs dropped correspondingly from 19.8 million to 18.7 million. From various reports (the results of the next farm animal count will be available in May) it appears that the number of cattle is continuing to decline (probably to below 10 million).

Slaughter livestock procurement fell even more when compared with animal raising, which is the result of a larger share of meat sold in open-air markets. In March, procurement of slaughter livestock was 32.8 percent lower than in March of last year (in the first quarter, it was 24.9 percent less than in the same quarter last year).

In March, 8 percent less milk was purchased than in March last year (in the first quarter, 9.2 percent less than in the first quarter last year).

In foreign trade, export for convertible currencies was 18.8 percent higher in March, calculated in dollars, than in March of last year (in the first quarter, it was 8.1 percent higher than in the first quarter of 1989). The growth of this export is, to a large degree, the consequence of the limited sales potential on the domestic market.

Import for convertible currencies, calculated in dollars, was, in March, 34.7 percent lower than in March of last year, and in the first quarter was 19.5 percent lower than the first quarter of last year. The extremely high drop in import of producer goods (44.7 percent in March, compared to March of last year, and 31.2 percent in the first quarter, compared to the first quarter of last year, merits attention). It may consolidate the tendency towards recession.

The favorable balance for convertible currencies, calculating from the beginning of the year, grew from \$149.8 million in the first 2 months of this year to \$777.9 million in the first quarter. Terms of trade in turnovers for convertible currencies grew from 99.0 in the first 2 months to 100.5 in the first quarter of this year.

Export for transferable rubles grew in March by 0.9 percent, compared with March of last year (in the first quarter of last year, by 0.7 percent). On the other hand, import for rubles dropped in March by 41.1 percent, compared to March of last year (in the first quarter, compared to the first quarter of last year, by 28.5 percent). Import of producer goods for transferable rubles dropped in March, compared with March 1989, by 22.2 percent (in the first quarter, compared with the first quarter of 1989, by 24.8 percent). The favorable balance grew from 398.4 million transferable rubles during the first 2 months of this year to 970.8 million rubles in the first quarter of this year.

Salaries and wages in five basic sectors of materials production (in industry, construction, transport, communication and trade) amounted to about 966.4 thousand zlotys in March, together with payments out of profits, and 713.9 thousand zlotys without payments out of profits.

Because the retail prices of consumer goods and services grew, in March, compared with February, we estimate, about 5-6 percent, March was a month of certain growth of real wages and salaries in the sphere of materials production. From tentative calculations I conclude that if in February of this year these wages and salaries were almost half as high, in real terms, compared with December of last year, than in March, calculating together with the payments out of profits, they were actually about one-third lower than in December of last year. Excluding payments out of profits, their drop, compared with December, was almost double in March.

It appears from the presentation by deputy premier Leszek Balcerowicz in the Sejm on the current problems in the implementation of the government's economic

program, that the government wants to avoid a premature easing of the restrictive monetary and fiscal policy because this might bring about another explosion of inflation. A "noninflationary" stimulation of production through changes in techniques of manufacture and organization and elimination of old structures, requires time. This was confirmed also by the course of the Sejm debates on the problems of rebuilding the ownership structure. But in accepting the government's arguments on the need for durable foundations for economic revival, we should expect a current assessment of the costs of such a policy, which, at least in the first stage, i.e., in the second quarter and in the second half of this year, and perhaps also next year, may turn out to be higher than had previously been anticipated.

### **Common Market Assistance Program for Reconstruction Discussed**

*90EP0532A ZYCIE GOSPODARCZE in Polish No 15, 15 Apr 90 p 13*

[Interview with Hans Glaubitz, representative for the Common Market Commission in Warsaw, by Marcin Makowiecki and Eugeniusz Mozejko; place and date not given: "Poland and the Common Market"]

[Text] [ZYCIE GOSPODARCZE] You are the organizer of the Common Market office in Warsaw. What are its tasks and in what phase is the present organization of this office?

[Glaubitz] As relates to my work in Warsaw, I must first talk about two things. First, the PHARE economic assistance program was set up—a program which has allocated 200 million ecu this year for Poland, and I am here primarily to coordinate the implementation of this program jointly with the Polish authorities. Naturally, there is a special administrative unit of the EEC which concerns itself with the concrete projects financed out of this fund. This is a new group, formed on 15 January 1990. I, however, represent the EEC commission in Warsaw on matters pertaining to the PHARE program. I am supposed to provide liaison between it and the Polish authorities.

[ZYCIE GOSPODARCZE] Not everyone in Poland knows what the PHARE program is.

[Glaubitz] This is an English acronym: Poland, Hungary—Assistance for the Reconstruction of their Economies. As we know, the idea for this program came about in July of last year during the Paris "summit" of the seven most industrialized countries of the world. The EEC commission was given the task of coordinating assistance for Poland and Hungary, granted by 24 countries of the OECD. During a meeting of the representatives of these countries, five fields were selected in which the PHARE plan will be executed. These are: food assistance for Poland, the easing of access of Polish and Hungarian goods to the Western market, joint ventures,

cadre training, and cooperation in the field of environmental protection. Other work concluded with the acceptance of the outlines of the plans of action in each of these fields. The conditions with which the implementation of the program must comply were also described—the most important of which is the involvement of the countries benefiting from the assistance in the continuation of the reform of the economic system, and the creation of permanent ties between the countries offering the assistance and those benefiting from it.

Another matter with which I am now concerned is preparation for the opening—soon, I hope—of the office of the representative of the EEC commission in Warsaw. This will be the consequence of the establishing of diplomatic relations between Poland and the Community. In almost all of the countries in which the Community has established relations, the Commission sets up an office. But it must be added that the commitment of assistance by the Community served to hasten the organization of an office in Warsaw and also in Budapest. I do not know yet whether the staff of the future office will be directly involved in the PHARE program, or whether there will be a small group of people in the office to coordinate this program. I am now doing everything myself, but it is clear that when the PHARE program is in full swing more people will be needed.

[ZYCIE GOSPODARCZE] What is your assessment of the role of the 19 September 1989 agreement on economic cooperation and trade between the Community and Poland?

[Glaubitz] This was, it may be said, a standard agreement, the same as those which were entered into with other EEC countries after announcement of the joint declaration on 25 June 1988. A similar agreement was concluded earlier with Hungary, then, on 19 December 1988—a somewhat narrower one because it pertained only to trade—with Czechoslovakia. The agreement with Poland was signed 6 months later, and in June 1989 an agreement was signed on cooperation with the USSR. Talks are underway on this matter with Bulgaria and the GDR. Only with Romania were relations almost entirely frozen. But the situation changed in all of Eastern Europe and now for Poland as well as for the Community, the PHARE program is of primary importance. It may be said that many of the things which were not to be done until cooperation was implemented, are now being done within the framework of the PHARE program.

[ZYCIE GOSPODARCZE] It is said that events have outpaced the provisions of the agreement.

[Glaubitz] Yes. PHARE is the result of current needs, while the mechanism set up on the strength of the agreement dated 19 September 1989 is, in some sense, routine.

[ZYCIE GOSPODARCZE] In view of that, let us go on with the PHARE program. What methods are to be used in coordinating it?



[Glaubitz] Insofar as nonrepayable assistance is concerned—donations not only from the Community, because as I said, 24 countries are participating in this program—we contact Prof. Witold Trzeciakowski, minister in the Council of Ministers, who assembles the needs reported by his colleagues and submits them to us.

[ZYCIE GOSPODARCZE] Do you not intend to contact the enterprises directly?

[Glaubitz] No. These contacts are maintained on the governmental level.

[ZYCIE GOSPODARCZE] And do you intend to exercise control over how the assistance which is granted is being utilized?

[Glaubitz] Maybe not exercise control, but naturally I have to know where this money is going, if only because we are holding discussions on every project. I must also submit reports to the EEC authorities. We have our own control organs there which must see to it that the funds granted were put to good use.

[ZYCIE GOSPODARCZE] What, then, is this 200 million ecu intended for?

[Glaubitz] Half, i.e., 100 million, is designated for assistance to agriculture and the other half for other purposes such as support of the restructuring and privatization of industry, cadre training, and environmental protection. Facilitating the access of Polish and Hungarian goods to the EEC market is also an important point. The range and goals of cooperation in these fields have not yet been described in detail; however, insofar as assistance to agriculture is concerned, it has in large part already been distributed.

Of first priority was the delivery of pesticides, because this was most urgent. At present, that part of the program which provides for deliveries of feed concentrates for a sum of 20 million ecu is in the course of implementation. Another 30 million ecu remains to be used. As to the use of the second half of the fund, the projects dealing with environmental protection, e.g., those pertaining to the cleanliness of the Mazurian Lakes, are the most advanced.

From EEC food assistance, a fund was formed which was derived from the sales of delivered products designated for preferential credits granted primarily to private farmers and persons concerned with food processing. There is a great deal of interest in these credits because the interest rate on them is one-fourth lower than normal. Last year this assistance amounted to 110 million ecu. For 1990, the EEC Council of Ministers has already approved another 28 million ecu, making a total of 138 million. Therefore, considering that the prices of food products, mainly grain, were lower in 1989, we estimate that receipts from the sale of food products furnished free were 900 billion zlotys. It is expected that this will also contribute to a lasting improvement of the food situation in Poland.

[ZYCIE GOSPODARCZE] For Poland, not only is assistance important, but also the development of cooperation.

[Glaubitz] The PHARE program covers fields of cooperation which are not financed from the fund—totaling 200 million ecu—about which we spoke. For example, they include credits already granted for the European Investment Bank amounting to 1 billion ecu, for Poland and Hungary combined, for 3 years. Also, the Coal and Steel Association declared its assistance in the development of the mining and power industries. Projects are now being studied which may be financed by using this pool of credits.

We must finally underscore the great significance of the fact that already last year the Community agreed to speed up the removal of quantity restrictions on imports from Poland and Hungary. Beginning this year, except for small exceptions, imports are not subject to these kinds of restrictions.

[ZYCIE GOSPODARCZE] Thank you for the interview.

#### **'Renewable Energy' Sources Examined in Lieu of Coal**

90EP0532B ZYCIE GOSPODARCZE in Polish No 15, 15 Apr 90 p 8

[Article by Tadeusz Kukla: "Sun in Place of Coal?"]

[Text] It is not the high cost of fuel and energy but the lack of them which constitutes a threat to the development of agricultural production. In this situation, the possibility of using renewable sources of energy, or "RE," is becoming increasingly important.

#### **Resources**

**Solar energy.** The intensity of solar radiation in Poland amounts to 800-1,000 W/sq m in the summer season. Considering that the thermal efficiency of solar collectors is between 0.3-0.6, an effective thermal energy of 240-600 W/sq m can be obtained. Insolation per year is about 1,000 hours, therefore during the course of a year we receive approximately 400 kWh/1 sq m of thermal energy. There is a great deal of demand for air solar collectors to dry hay, grain and other farm products, and water collectors to heat water. In the near future we should also be able to use solar energy to create electrical energy by means of photo-voltaic elements.

**Wind energy.** One-third of Poland's area meets the conditions necessary for the installation and operation (profitably) of wind power plants, wind pumping plants, and engines to drive air compressors to oxygenate lake waters. The energy potential of the wind on this area of the country amounts to over 1,000 kWh/sq m of impeller surface (the surface marked off by the wings of the impeller) of the wind engine annually. For example, a wind power plant with an impeller diameter of 10 m, a total efficiency of 0.25, and a wind energy of 1,000

kWh/sq m, will produce about 15,000 kWh annually, including about 10,000 kWh during the heating period (5 months).

**Water energy.** On small rivers near farms, 100 kW capacity water power plants can be installed. About a thousand such facilities can be built. Water power plants in agriculture can be used successfully during other power failures. This is especially important because interruptions in electricity for farm customers are increasing every year, causing serious losses in farm production. The water shortage is increasing every year; therefore, retention basins must be built on large and small rivers and water power plants should be built alongside them.

**Biogas energy.** Hog and cattle liquid manure pits from large production facilities, of which there are a few thousand, constitute an ecological threat. The construction of biogas plants solves this problem. In the process of non-aerobic fermentation of liquid manure we obtain biogas and a high quality biological fertilizer. From a cowshed for 20 dairy cattle or a 100-unit hog fattening house, we obtain a daily production of 15-20 cu m of biogas, which is sufficient to heat a 100-sq-m dwelling and water for household needs. During the summer a large part of the biogas is used to dry farm crops, e.g., to steam potatoes for the winter.

**Biomass energy.** Woodwastes, branches, straw, etc., are resources which are estimated at a few million cu m a year. The burning of biomass is not a threat to the environment, because only carbon dioxide is emitted. Thus far, it has not been managed efficiently, and only part of it is burned in primitive kitchen stoves. In Sweden and Finland, fast-growing forests are grown on the poor soils. The thick wood is used in construction or earmarked for paper, and small housing settlements are heated with wastes. Boiler houses of 200 kW thermal capacity are built. In Poland, too, we should begin to construct special stoves and cultivate forests for energy purposes as quickly as possible.

### Benefits

During 1980-90 RE equipment and installations were built with a total capacity of only 5 MW. The low interest of the power-industry engineers, decisionmakers and users, was due to:

- low tariff costs of fuels and energy, heavily subsidized by the state,
- announcements that large amounts of coal will be mined, that there will be large imports of petroleum and gas, and the failure to correctly assess the environmental losses,
- limited development of scientific-research work, lack of technical facilities, insufficient funds, and lack of preferential credits for the purchase of RE equipment and installations.

During 1980-89, in the Institute for Construction, Mechanization, and Electrification of Agriculture, a several-person team of engineers was assembled, which, having gained experienced, developed a lot of RE equipment, conducted studies, and defined guidelines for construction and operation. Criteria for materials-intensiveness were also established. For example, from 1 kg of construction of a wind power plant, at least 3kWh a year should be obtained (at a wind energy of 1,000 kW/sq m of the impeller surface annually). From the several-person team, only a few remained in 1990. The others left because of low earnings, and some will leave because the institute is not adequately funded.

What should be done to intensify the construction of RE equipment and installations? What are the real possibilities of obtaining energy to the year 2020 and what kind of economic benefits will this give? The table depicts the preliminary forecast.

Forecast for Development of RE Equipment

Type of RE	1989 Status		Forecast to Year 2020	
Solar low-temperature thermal energy	409 units	4 MW	500,000 units	1,500 MW
Wind power	35	0.6	8,000	220
Water power	10	0.2	1,000	20
Biogas thermal energy	5	0.1	1,000	20
Biomass thermal energy	10	0.3	100,000	3,500
Total	—	5.2	—	5,740

Assuming that in 2020 the installed capacity of the RE equipment is 6,000 MW (in agriculture), and its utilization time is 850 hours per year, we will receive 5,000 GWh/year, which corresponds to 2.5 million tons of coal per year. This is not much when it is compared with our present extraction of coal, but in 2020 the proportions may be entirely different. Assuming the present tariff prices of coal, the savings in 2020 will be 500 billion zlotys.

How much money needs to be allocated for development, e.g., designs, prototypes, research? Assuming that a 100-person team will work on this, with a budget of 10 billion zlotys a year, the costs of the work and the prototypes during 1990-2020 will amount to 300 billion zlotys. The costs connected with preferential credits granted up to 2005 million should not exceed 100 billion zlotys. Thus the costs of the undertaking will be lower than the savings in coal alone in the year 2020. This can also be calculated like this: the 30-year costs of the undertaking will be made up by the savings in coal during 1990-2005. It is anticipated that during 1990-2020 these savings will amount to 21-23 million tons.

The economic benefits from the development of RE are indisputable if we also take into account that RE is a clean energy—it does not pollute the environment. Therefore, other sectors of the national economy: the

power industry, construction, municipal management, housing, and others, should also be interested in this.

### **West German Chemical Firm BASF Opens Branch in Warsaw**

*90EP0519A Warsaw RYNKI ZAGRANICZNE in Polish No 35, 3 Apr 90 p 7*

[Article by Maciej Tekielski: "BASF Opens Representation in Poland"]

[Text] The BASF group, which belongs to the great troika of West German chemical firms, opened a representation in Warsaw in the LIM Center. As Dr. Ingo Paetzke, a member of the management of the firm BASF AG, stated on the occasion, this is an expression of the optimism with which the future development of contacts between BASF and the Polish economy evaluated.

BASF is among the leading, large chemical firms that operate on an international scale. In 1989 the enterprises belonging to the group together achieved turnover in the sum of 47 billion DM (over 27 billion dollars). Close to half of this comes from BASF AG, and the rest, from other enterprises in which the company has controlling interest. Ten years ago, the groups' turnover reached 26 billion DM, and so, has nearly doubled in the course of this decade.

Employment figures, which embrace 140,000 employees—50,000 of whom are outside the borders of the Federal Republic—also testify to the size of the concern. In recent years the group has decidedly expanded its activities abroad. It currently produces its products in 35 countries, and it conducts trade with more than 160 countries.

Deep integration of production is a remarkable sign of the BASF group. In spite of its dimensions, the group is a homogenous enterprise, concentrating on chemical production, but in spite of that its production is highly developed, ranging from raw materials, such as, petroleum and natural gas all the way up to highly processed products. Today, there exists practically no branch of industry that would not be in need of the products of BASF. Among them are plastics and varnishes, fertilizers and plant-protecting agents, medicines, vitamins, and also many consumer articles, such as, cassette and video tapes. The production of varnishes and pharmaceutical products is developing the most dynamically.

The position the firm holds is due to, among other things, the great importance it attaches to scientific research, for which it allotted more than 2 billion DM last year. There are 12,000 employees working in the research and development departments, in other words, more than 8 percent of all employees. Thanks to that, the firm owns more than 7,000 registered patents in the Federal Republic alone, and in 1989 about 600 new patents were applied for in the European Patent Office.

BASF has maintained trade contacts with Poland since the beginning of the 1950s. Last year, turnover in this relationship amounted to approximately 150 million DM. This turnover is composed primarily of plant-protection agents, dyes, intermediate products and plastics, as well as audio and video cassettes. In Poland, however, BASF primarily buys sulphur, ammonia, and intermediate chemical products. In the current year, with regard to the recession in our economy, a growth in turnover is not expected, but the firm does anticipate an increase in, for example, its purchases of our sulphur.

The group had been represented on our market since 1958 by the firm Transactor. Recently, it decided to open its own trade representation, and it is a rather large one as it employs 23 people who work in its Warsaw office and its divisions in Katowice, Poznan, and Lodz.

The name BASF is an abbreviation of Baden Amenobenzine and Soda Factories. None of the parts of the name is true any more. The factories, which have been in existence for 125 years, are not located in Baden, but in the Palatinate, in Ludwigshafen. They no longer produce either amenobenzine or soda, and it is difficult to call the great international concern a factory. However, the name has not been changed; only the abbreviation is used. This is an expression of a certain conservatism, which the firm's representatives avowed, not without some pride, at the press conference. This is conservatism in the style of old German reliability. It was emphasized, for example, that the firm has always tried to base its development exclusively on its own financial reserves.

In recent years, the group has decidedly gone international in its activities, which is a sign of a more modern approach. The opening of a representation in Poland is surely also part of this tendency. Without a doubt, such a firm can have a lot to offer us. Closer cooperation with our market—thanks to the representation—will perhaps allow a deeper cooperation in the future.

## GERMAN DEMOCRATIC REPUBLIC

### Child Care Cutbacks, Social Dislocation Viewed

90GE0105A Hamburg DIE ZEIT in German 4 May 90  
p 100

[Article by Susanne Mayer: "At the End of Playtime: The Cutback of Nursery Schools and Day Care Centers for Socialism's Children Has Begun"]

[Text] At 0600 the sky is wet and the mood is gloomy. The No. 95 bus rumbles along the four-lane concrete highway. In the darkness to the left and right there are, like toys for giant children, pipes, scattered cubes, bent cement strips. In Berlin-Hellersdorf socialism was still being built a few months ago; in 1989, 12,500 "dwelling units" were created here. At the bus stops the spotlights point at freezing people who crowd together in front of trees dripping bilious green, suns exploding in gaudy yellowish orange—graffiti from a world of illusion. In the residential concrete-block buildings the windows here and there show light. Thus it is almost of some comfort to enter the warm lively room on the third floor of that unadorned semi-detached house on Suhler Strasse 43-45, at the end of a narrow stairway, the brown door almost hidden behind shelves with coat hooks: "Good morning, dear children." A little handshake. "Good morning, Miss Deckert."

The work day begins early in daycare center E 23. Fathers, also some mothers, in the foyer of "Group 8" peel their Jennifers and Renes out of their jackets from the West, put new gym shoes on the shelf and wave a last goodbye at the door. Steffi sits on the lap of the strange woman from Hamburg. Tom leans against her knee and wants to know her name. Nicole sobs and moistens a spot in Miss Deckert's white blouse. Miss Deckert has silky blond hair and lavender slacks and is generally wonderful. "Look, I put on a record," she says softly. Pink lips, a touch of eye shadow. It is 0615. The door opens, the door closes. Some 30 little ones sit at tiny tables and talk. Play quietly. Laugh quietly. The children of socialism possess heart-breaking devotion.

It is 0650 and at least 50 children are now in the room. Folding chairs are brought in. Some children sit on the floor. Two are getting into a fight. The noise level definitely rises and that does not change even though Miss Deckert ("somehow we must keep them occupied") plays the favorite record of all children, the "Traumzauberbaum" (Dream Magic Tree). It is 0720, and the arrival of the last child is recorded in the book of arrivals and special events. They are excited about the record. All now seem to yell, the record tootles, chaos is imminent. Are there 60, 70 children? At that point Miss Jansen of Group 2 appears: Line up, move off. Another group also leaves. It is much less crowded, more quiet. Now only Miss Deckert's children are here, not all 21 of them today, "my children," she says proudly and then: "Quietly, quietly, quietly, we form a circle." The children sing:

"When the day dawns and the sun laughs,

"we arise happily

"and go to the kindergarten...."

The kindergartens in the GDR are the idylls of socialism—"places of happy children's life," as the official guideline puts it, one of the few achievements of the old regime worth preserving, according to a frequently heard comment. The kindergartens in the GDR are the shame of the nation—Western newspapers curse them as molders of cadres. There is hardly any Western country in which there is a comparably consistent social care of the children—almost all of them attend kindergarten, more than half of them had been in the day nursery before that; the parents pay M 12.50 a month plus M 2.50 for milk for that. That has now stopped. The cutbacks have started.

According to the ministerial "Organizational Directive on the Method of Operation in Kindergartens and Day Nurseries," issued in February, the assignment offices are instructed to be guided by the planned group strength and no longer, as in the past, by the demand. In other words, groups of 18 or 15 children. Demand signified: even 30 children or more. For the roughly 50 city day nurseries and just as many kindergartens in Berlin-Hellersdorf this means: For the time being no more new children will be accepted until September. The three-year-old children of day nurseries will no longer be accepted by the kindergartens. No new day nursery children can be accepted as a result. Mothers who want to go to work again after the maternity year will be unable to do so. Daycare center E 23 alone with its nine kindergarten groups of 21 children each and three teachers will lose about 40 places. More than 100 places are in danger in this part of the city. "And that even though we are already short 1,200 day nursery places in Hellersdorf," according to city district medical officer, Dr. Michael, under whose jurisdiction the day nurseries are.

Dr. Bernd Michael is a slim man, middle-aged, with light-colored hair and delicate gold-rimmed glasses. He wears a light-colored suit of fine corduroy and quiet gym shoes with Velcro closing. A cactus adorns his desk, a file that of his secretary. Dr. Michael is a PDS [Party of Democratic Socialism] member, "no opportunist," as he puts it. He dares to face difficulties. Last year he prevailed with his request for 2,869 day nursery places in Hellersdorf, where about 120,000 people have settled since 1982 on the land of a former village, bringing the total now to 4,190. That is twice as many places as are available in all of North Rhine-Westphalia.

These good achievements earn Dr. Michael nothing but trouble. He had just been assigned 47 new teachers for the 2,869 new day nursery places. Because he simply hired more staff he was reprimanded for "not practicing plan discipline." Not to speak of the row about day nursery places not ready for use. For example, the E 34, which has been ready for operation since last October



including a telephone and 270 assigned children, is said to lack just a few meters of driveway in front of the building for the kitchen suppliers. The E 18 is closed on account of bacteria in the drinking water. All that with "586 applications that were not honored," Dr. Michael moans, and, a brief glance in the records, with "618 children" who have to be transported early in the morning by their parents across Berlin to the kindergartens of Pankow or Adlershof because there is no room for them in Hellersdorf. "Supply according to demand" has its price. It is unthinkable what would happen if the three enterprise kindergartens were to cause difficulties, too.

The enterprises—the second big institution of child care—threaten to break out of the social contract according to which they provide the rooms for the child care and the state finances the care. "All of us have to rethink now," says Wolfgang Boege, economist and director with Sachsenbrau in Leipzig. Sachsenbrau has announced the closing of its kindergarten in which over 100 children are being cared for. At risk are 12 jobs. When economists in the East examine their plants from the aspect of profitability, they think quickly like the colleagues in the West. It is the children who catch their eyes.

In Leipzig 16 enterprises—Zentrum department store, Buntgarnwerke, the restaurants, among others—have announced the closing of their kindergartens or have applied for the municipality to take over the institution. With a twinkle in the eye, so-to-speak. The municipalities have no money as everybody knows. All the money continues to flow to Berlin and is reallocated from there. The city administration proceeds from the assumption that a change will take up to two years. In Leipzig the financing of several thousand kindergarten places is no longer assured. A single mother holding her two children close to her in front of the Aktuelle Kamera program: "We were the first to participate in the Monday demonstration," she says furiously: "That's not how we imagined it...."

Applications for closing enterprise kindergartens have been made in Berlin, Brandenburg, Erfurt. In Erfurt, the new women's center reports, children were excluded from their kindergarten because their mothers are in the maternity year. Katja, age two, was supposed to lose her day nursery place because her mother had become unemployed. Now it comes home to roost that the children have no independent right for care; this right was merely established as a supporting measure for the employment of the mothers. Every three or six months the mothers must submit a certificate of employment to the day nursery or kindergarten. Whoever becomes unemployed now, the women fear, will sit at home with the child and cannot furnish proof that the offspring are taken care of when applying for the next job—a vicious circle well known to West German mothers.

No pretext is too small, it has been shown, to cut back drastically. A Leipzig enterprise determines that the old villa that houses the day nursery can be used as a

building for representational purposes. The Berlin city district medical officer would like to house an AIDS counseling office in a Berlin day nursery. Another day nursery will become a beverage store. In Weimar the city hypocritically offers a day nursery to the Independent Women's Association as a refuge for battered women—"so that they can say later on we had evicted the children," the secretary, Heidi Malz, angrily says. The resistance originates only from parents who now engage in citizens initiatives for the first time—hesitantly because the reputation of the day nurseries and kindergartens is quite doubtful. Even the new family minister, Christa Schmidt, announced that she does not know what compromises which she can "be forced into."

"Please," says Miss Deckert, "do not jot down the negative things only." What she means to say: The "Program for Work in Educational and Upbringing Work in Kindergartens" (publisher: the minister for public education or: Margot Honecker) is a treasure trove for negative quotations:

"The children are to be educated to hold love for the homeland. They learn that it is good to live in socialism... They learn that the great Soviet Union and other socialist countries are our friends... The children are to learn that there are people who are our enemies and against whom we must fight because they want war."

Miss Deckert, face to face with an enemy, with whom she is now able to talk, confesses that she has never adhered to such regulations. Only a rogue would have negative thoughts and could imagine, for example, that she urges her children to fight against armored formations or provides them with flags for demonstrations of spontaneous applause for visiting heads of state. Collecting toys for the children in Vietnam, perhaps a wall display on the occasion of the Day of the Republic is all that is admitted. She has underlined in her work booklet with a ruler what is important: "They (the children) have to get used to doing their work conscientiously, to participating in maintaining order and cleanliness, and to handling the results of the work carefully."

The children sit at the table with their backs straight. Robert wears a small apron for he has table duty and has handed out the red plastic dishes and poured the tea. A flower pot is in the middle of the table. ("By esthetic teaching the children are to be enabled to notice beautiful things and phenomena in their environment and to enjoy them.") Clean hands unwrap small sandwiches. ("In hygiene the teacher teaches the children to push up the sleeves before washing, to wash the hands on both sides, to rinse the soap off the hands thoroughly and to shake off the drops of water." No fighting, no yelling, no dripping.

These children have learned how to eat properly in the nursery as early as "age 6 to 12 months" as they say here: "As soon as the child can sit up by himself, it is seated at the table; the teacher sits to the right of the child, grasps his left shoulder, lets the child grasp the little finger of

her right hand when she brings the spoon to the child's mouth..." The reverse process also has its drill: "As soon as the child can sit up by himself for some time, the teacher starts with regular toilet training, which first takes place after observing the toilet habits of each individual child. By encouragement and certain sounds she tries to induce the child to use the toilet."

No detail in the life of these little ones is left to chance—not the picking of flowers (long-stemmed), not the position of the elbows (down). Every minute is preplanned. This means precise fostering of the children—and at the same time total control over them. Every day at 1145 a nation of two- to three-year-olds lies down for the nap. That is how revolutionaries are brought up who participate in the demonstration after the end of the work day and are back at work at 0700 the next day. Miss Deckert has heard of other educational methods: "Waldorf educational theory or antiauthoritarian or something like that," she says dubiously. Recently she observed the result at a playground in the zoo. "The children there, how they bawl and scream, and bump into each other," she says fiercely and with a flushed face: "My children then stand there in a line at the slide and show consideration while the children from the West spit on them from above."

Would you, yourself, like to place your children in a GDR day nursery? She hesitates. "First I would see how much my husband earns and whether that is enough for us."

Uta Zweynert's husband is a graduate student studying for his doctorate in physics and earns about M 800 a month. That is barely enough for the small family with two children, which lives in Leipzig. And yes, says Uta, while drawing wide ellipses in the office of the Leipzig Women's Initiative—to calm baby Anna who is tied to her mother's back by a carrying sling—and yes she can imagine no longer going to work after the maternity year. Uta is a physician and a few months ago she founded a mother-and-child group. In intellectual circles it becomes the thing to do to tighten one's belt for the sake of the children. All that is better than leaving them to the upbringing by the state for which there had been virtually no alternative, only a few church facilities which were booked up ahead for a long time. While in the past the use of the maternal worker had priority, now the child is being discovered—and a new motherliness.

The maternity year is a traumatic experience for many women. While everybody is at work, the new "mommy," as she is called henceforth, sits alone with the baby in the apartment house. Going out is difficult, where should they go? There is nothing but the department store, school, and the daycare center. Playgrounds are rare. If there are any, they have become neglected. If there were cafes, they do not like to see women with children there. Therefore it is a small wonder that at the end of the year many women are happy to turn over the dear little ones to the day nurseries and pick them up again in the evening as late as possible. For some of the little ones the

nursery day lasted 12 hours. "We have taken too much off the shoulders of the women," the teachers say self-critically. Parents go on vacation without the children. Where is there a legal provision for the right of the child to a vacation, a father wanted to know from a teacher who had taken him to task.

In the empty garden, there is day-care teacher Andrea Chaberny with two tiny little ones and her son Christoph, four years of age. All others have left: "...when playtime is over, we quickly go home, tomorrow it will be nice again," they have sung in the morning. The sun has disappeared behind the high-rise buildings. The three of them play patty cake, there is lots of blowing of the noses. "Aunt Andrea," as the little ones say, is sole teacher. A woman with blond curly hair in blue smock and jean jacket who does her work with loving devotion. Everything has become much freer, she says, and is much more enjoyable than it used to be. Many other mothers would also like to go to work. And now that may possibly come to an end. Sometimes I cry at night on account of the uncertainty, "I don't know whether you are able to understand that."

It is getting close to 1800 hours; the last daddy arrives. Andrea and Christoph close up and stroll to the next block to their 54 square meter, three-room apartment on the fifth floor. Further on along the street in front of the department store there is a line. There they stand in line, the mommies and the children.

## HUNGARY

### Newspapers Claimed by MSZP Respond

#### Party Approach Condemned

90CH0117A Budapest *MAGYARORSZAG*  
in Hungarian 13 Apr 90 p 41

[Unattributed article: "Press Scandal: Transformation—Auctioning or Saving Property?"]

[Text] "We should finally accept the fact that...the branch with the best prospect of rapid future growth in our country is not the steel industry or metallurgy, but information management, and more specifically, mass communications," the chief editor of one of our provincial papers asserted recently. Actually this rapid growth already began a good year and a half ago, or at least this is the conclusion an outside observer could draw. Hundreds of new publications have appeared on the market—including several wild offshoots of the trade—bringing with them a furious struggle for readership, and of course, for gaining control of the biggest possible pieces of the pie. For a while, the old papers which had so cozily fit into the traditional press structure and which, certain of their role, had perhaps become too comfortably set in their ways, were merely looking at the turmoil around them with disbelief, but later—some more quickly, and others more slowly—they also fought their way up to the starting line. In many cases, however,

this long desired growth has proven to be an obstacle course characterized by barbed-wire barriers, hidden traps, and virtually impossible-to-clear hurdles; for some it has been an agonizing ordeal laden with personal tragedies. Still, as far as the number of scandals per person is concerned, our mass communications industry ranks respectably among the other players of our eventful public life which has never really been lacking in sensational developments.

#### Renewal at All Cost

Simultaneously with the rapid deterioration of the state party's and its successor's monopoly on communications, and subsequently with the virtually complete relegation to the periphery of its influence, there has been a growing desire on the part of certain papers to break away, and to transform their profile. To break away from the party's—or perhaps parties'—tutelary, direct, and directive control, to shake off the ideological and political shackles forced upon them under the one-party system, and to transform themselves into papers and editorial offices capable of operating as business ventures guided by modern editorial and reporting principles that are technologically on par with their counterparts in the developed countries and are naturally able to turn a profit and maintain a well-paid staff. The process has already begun, and for most people it has not taken long to get over the fact that in the process they have also had to witness several spectacular turnabouts, some bordering on the absurd or at least on the grotesque and shocking; after all, in the political sphere—at the highest levels of leadership—they have been exposed to far more flashy fireworks.

Everyone apparently agrees that our traditional publication structure is at best only moderately suited for effecting a genuine renewal in the sphere of mass communications. Bureaucratic mammoth publishers with huge administrative superstructures kept afloat through an immense network of cross-financing; lack of ownership (i.e., of legally and practically defined proprietary roles and controls as they pertain to the founders, operators, overseeing agencies, and perhaps subsidizers of these organs); the inextricable economic situation of certain papers; the chronic lack of attention to technological development; the gradual loss of motivation among often undeservingly underpaid staffs of reporters and editorial workers—these are only some of the centrifugal force factors that have fuelled ongoing attempts to break away and to become independent.

The establishment of joint ventures, limited liability companies, stock companies, and perhaps independent small publishers, or defection to a new publisher promising something bigger, nicer, and better—these are some of the panaceas that are supposed to solve all of the problems facing our press with one stroke. We could cite examples for each of these solutions. Most of them, of course, also hope to attract foreign capital. For without such assistance there can be no transformation of any sort worth mentioning. And indeed we have, for some

time now, seen sharks of the international press world circling in our domestic waters, occasionally grabbing fishes of one size or another. Some of them they swallow completely, others they only partially gobble up. Often the little fishes do not even realize that they have made a bad deal.

#### Thieves? Embezzlers?

The newest, and perhaps most sensational “miracle catch” is connected with the name of the West German Axel Springer concern and its Hungarian subsidiary. There had long been rumors in the press world (the authenticity of which we have been unable to verify) that the West German publisher had been conducting serious negotiations regarding the possible purchase of certain quasi-MSZP [Hungarian Socialist Party] owned papers. The talks (if there had indeed been any) must not have been successful, for one day, four county papers (joined by a fifth a day later) announced that starting that same day they would be published by Axel Springer—Budapest, Limited. Naturally under a new heading so as not to impair the legality of the deal. After all, they were talking about a whole new paper. The editorial boards had collectively submitted their resignations to their former employer, and also collectively, they had gone over to the new owner. Within a few days the chaos was complete. Some of the printing houses had had their own eyes on the papers, while others refused to print the papers with the new headings, saying that they had no legal contract with the new owners (which was true). Representatives of the MSZP were quick to attack the papers' move as a coup motivated by clearly political considerations aimed at incapacitating the MSZP. The economic manager of the party has labelled these moves thievery and embezzlement, aimed at eroding the MSZP's remaining assets. These are charges which, undoubtedly, will have criminal repercussions as the party has suffered clearly provable financial losses.

One unquestionable flaw of these actions is that the first issues of the new papers were produced at the facilities and with the equipment and tools of the former owner-publisher. Furthermore, if this can be done, what guarantee is there that next week, or a month later, another mammoth firm will not do the same thing to another group of papers? Thievery or not, the representatives of the MSZP have expressed willingness to sit down with agents of Axel Springer to agree, for example, on a just amount of compensation. A sum that, for example, could be based on the potential value of the papers in question. And then, of course, we would be back where we started: Is the MSZP prepared to sell off some of its papers or not? Under an arrangement, perhaps, where the moneys to be received would not be referred to as a purchase price, but as compensation. If so, it would be definitely more practical to conduct such talks under conditions that are free of scandals. If not, the MSZP must still face up to the fact that it will not be able to prevent papers currently under its control (ownership?) from breaking away and becoming independent. The citizen, in turn, will be left to ponder over whether or not the real

guarantee of establishing a party-neutral, independent press uninfluenced by any political power which he has for so long desired, is to place it under the control of a foreign mammoth firm.

The dissipation of the MSZP's remaining property may entail some unpleasant consequences for the party. Let us not dwell too much on the legality of its proprietorship over these assets; the fact is that the party, which in terms of its ideals as well as its politics has been clearly trying to distance itself from its predecessor, is not nearly as consistent when it comes to matters of finance. It continues to insist, for example, on having sole claim to all possessions that can be legally qualified as party property. Or, for that matter, to anything which it deems to have legal control over. The issue, as far as it is concerned, is not what to do about preventing the erosion of its assets, but how to place them under organizational forms that provide the most secure safeguards against outside claims. Some of its schemes (see "Next—2,000 Limited's") have been successfully aborted thanks to the vigilance of the opposition parties. The new party remnants, however, are apparently like the Bourbons—they have learned nothing, and have forgotten nothing. At least this is what their latest attempt leads one to believe.

Virtually simultaneously with the Axel Springer affair, another scandal surfaced, one which has struck close to home. Some of the details of the incident might already be known to our readers from radio, TV, or the papers; we ourselves covered the story in last week's issue. So this time we would merely like to sum up the essence of what transpired: In the final days of March, a one-person limited liability company was formed, taking over control of the Newspaper Publishing Enterprise over ESTI HIRLAP, VASARNAPI HIREK, MAGYARORSZAG, and FIGYELO. This was the extent of the news item, some details of which, we believe, require explanation.

#### Negotiating Ethics

The four papers in question are among the most profitable ventures of the Newspaper Publishing Enterprise, or at least they are the ones that have generated the most profit for the enterprise. Interestingly, the new limited liability company, established under the aegis of the MSZP, has not laid claim to papers whose clear function has been to promote party policy objectives. True, some of these have also been—to put it kindly—moderately lucrative. Let the—according to the news soon-to-be-nationalized—Newspaper Publishing Enterprise continue to worry about the fate of these organs.

The head of the one-person company, they say, is the same Imre Nagy, who as member of the presidium of the MSZP was tasked with reorganizing the publishing enterprise, while retaining considerable control over its employees. He took his assignment seriously, and moved immediately to contact the various editorial boards—including ours—to discuss the details of the transformation. Among other things, he was in regular consultation

with us regarding the specific steps involved in incorporating our organization, as we discussed in our last issue, including the ratio of partner participation, as well as financial and other considerations. In the course of the negotiations he exhibited a surprising degree of flexibility and willingness to cooperate. And he continued to do so even during the days when the establishment of his one-person company was, as they say, already a foregone conclusion, treating his talks with the editorial boards as games to be played with immature children. Naturally, he has failed to inform us about the plotting that had been taking place behind the scenes, just as he has neglected, to this day, to inform our editorial board about the change of ownership. What we know we have learned not from him but from other sources.

In the better English clubs, delinquent members exhibiting behaviors that are so blatantly in violation of the norms of proper partnership ties are routinely shown to the door by the butler. Perhaps there are other clubs that subscribe to different ethical norms. Such clubs, however, will have to do without our membership.

#### FIGYELO Wants Independence

90CH0117B Budapest FIGYELO in Hungarian  
12 Apr 90 p 2

[Unattributed article: "Our Position in the Press Debate"]

[Text] We were almost hoping that FIGYELO would not have to enter the political ring where everyone seems to be fighting a duel with, leveling accusations at, or demanding explanations from everyone else. We thought that we would be able to concentrate our attention and efforts on our economic problems, on helping to "navigate" the extremely difficult course of returning to a market economy. The successful attainment of our aims, however, depends on the extent to which we are allowed to function as an autonomous intellectual entity.

For the past few decades, FIGYELO has worked hard to preserve its relatively independent economic policy oriented profile, and constantly testing the limits, it has consistently represented the views of the reform movement: It has served as a forum of economic expression for the forces of reform operating both within and outside of the party. FIGYELO was the first in the Hungarian press to criticize the notion of administrative monopoly-promoting enterprise specialization. In the 1970's, we spoke out against the merger of enterprises. Challenging the broadly orchestrated political campaign, the paper risked its very existence by taking a stand in support of the auxiliary branches of agricultural producer cooperatives and household plots. And we could continue the list all the way to the spring of 1988, when the paper was subjected to an Interior Ministry investigation upon exposing certain illegal currency dealings aimed at saving the loss-producing metallurgy industry.... Presumably the investigation was called off by the MSZMP's [Hungarian Socialist Workers Party] national party conference.



In one of his statements, the newly elected general secretary of the MSZMP declared that, along with certain other press organs, he considered FIGYELO to be a "party paper." The declaration at the time not only took proprietary rights for granted, but also presumed loyalty to the party's policies. Following the public announcement, the chief editor of our paper sent a letter to the director then in charge of the party's Agitation and Propaganda Department informing him of the position of FIGYELO's editorial board on the matter, pointing out that "...while the paper supports the party's reform policies, it does not accept the Central Committee's economic policy decisions without criticism.... FIGYELO is open to all constructive alternative economic policy concepts, irrespective of their origin...."

It is in this spirit that we have tried to write and edit FIGYELO ever since. The reason why we have had to point all of this out is that—although the conditions now are considerably more favorable—we are once again being forced to defend our identity. Last week's announcement alleging that FIGYELO was the property of the MSZP [Hungarian Socialist Party], and that as its sole proprietor the party would sign over its ownership rights to the Business Organization and Servicing, Limited, an entity of its own creation, has left many with the impression that the former general secretary's unilateral declaration has been revived under a new configuration of power relationships. For the sake of objectivity it should be noted that the MSZP has not asked FIGYELO to meet any political expectations, which is in concordance with the repeatedly expressed position of the editorial board on distancing itself from all party policy influences.

We do not wish to dwell on the details of the ownership and property management issue. It does appear, however, that neither the legal nor the political aspects of the matter have been fully resolved. According to the official documents drawn up following the establishment of FIGYELO, until 1 September 1986, the MSZMP CC [Central Committee]—as in the case of most weekly publications—was "only" to serve as a controlling authority. Upon the expiration of that mandate, the Information Office of the Council of Ministers issued a new founding document, this time listing the MSZMP CC as the founder, i.e., proprietor, or to use the everyday term, newspaper owner. This proprietary right has now been transferred to the already mentioned single-person limited liability company, whose founding charter was just submitted to the Budapest Registry Court for approval on 21 March. As of going to press, the registration has not been completed.

In the eyes of the editorial board, this single-person company, which has now been given proprietary rights, is perhaps an even more alien institution than was the old publisher which, operating on the basis of involuntary cross-financing, used to place disproportionate burdens on its most profitable papers.

The editorial board firmly believes that keeping FIGYELO, a paper which represents sovereign economic points of view, serves as a forum for the expression of highly diverse economic policy views, and is committed to presenting and analyzing real economic processes, under the control of party ownership is unnatural. Since FIGYELO does not represent the views of any single party, there can be no political reason for any party to want to own it. In view of these facts we are convinced that it would be viewed as a positive gesture, a decision that would kindle trust among journalists, if the MSZP, i.e., its management agent, voluntarily relinquished their proprietary rights to FIGYELO, and formally recognized its independence which its ideals already reflect.

### **Presumptive Christian Democratic Health Minister Interviewed**

*25000714B Budapest HETI VILAGGAZDASAG  
in Hungarian 28 Apr 90 p 95*

[Interview with Laszlo Surjan, Christian Democratic politician and docent at the Continuing Medical Education University, by Andras Lindner and Zoltan Horvath; place and date not given, under the rubric "Portrait"—first paragraph is HVG introduction]

[Text] Laszlo Surjan, 49, who counts as an authority of international fame in the field of pathology, recently made a name for himself in a field that is rather removed from his profession. He is the vice chairman of the National Association of People With Large Families, and heads the Christian Democratic People's Party [KDNP] program committee. "I was born in Kolozsvár into a physician's family. A Christian outlook on the world was a definitive factor in my upbringing." After 1945 his father was a member of the Scout Association leadership; not too long ago he once again put on his scout uniform, and today he is the chairman of the newly reorganized association. Laszlo Surjan received his education from the Piarist fathers. After graduation he also studied theology at the academy, but did not commit himself to becoming a priest. He enrolled in the medical university instead. He acted as a demonstrator at the university, then in 1969, after receiving his diploma, he became an assistant professor at the histology institute. "Professor Gyorgy Csaba took me under his wings, he guided me toward a scientific career," he says as he recalls those days. Soon thereafter Surjan continued his career as a pathologist at the gross anatomy institute of the Continued Medical Education University, where he works these days. "Nowadays pathology is being confused with gross anatomy, even though it means much more. Namely, we examine the pathological materials of live patients. Pathology is a theoretical science which concentrates on the sick person," he enlightens us in order to facilitate the distinction. Today Surjan is a candidate in the field of medical sciences. "I feel that there is an elementary need to have ourselves assessed in global scientific life. So that we can publish and be present at conferences. We must not shut ourselves off,"



the decent politician says. He is a member of numerous Hungarian and international medical societies, he is one of the catalysts of the large family movement, and since last year he has been a member of the Christian Democratic People's Party. At present, he is preparing the program for his party's board meeting to be held in late May. Dr. Surjan lives with his wife, three children, and father-in-law in a four and a half room apartment in Zugliget. "A multi-generational family model is my ideal," he says. "I regard myself fortunate that I have been able to realize this in practice. Unfortunately, the housing situation represents utopia to many," he says.

[HVG] You were never a member of the Hungarian Socialist Workers Party [MSZMP]. How did you view this: To what extent was a party membership book necessary for your colleagues in order to pursue a physician's career?

[Surjan] In my experience there were some who indeed advanced on the basis of a party career, and then there were others who submerged themselves in the profession. Given a good professional knowledge, one could acquire a university professor's post without party membership. Counterselection was functioning of course, and at present I fear that certain individuals demand autonomy from the new power because they want to salvage themselves. At the same time, the new power would be pulling the rug out from under itself if it used its time to take revenge, and did not start to build by uniting the forces.

[HVG] What is your feeling, could you have accomplished a higher career if you had been a party member?

[Surjan] I have never been a member of even the Communist Youth Organization [KISZ]. It never occurred to me.

[HVG] Why then did you agree to do party work? The Christian Democratic People's Party is not the MSZMP, of course, but a party it is.

[Surjan] Our words related to political life indeed became "soiled." The concept of a "party" has always been alien to me, as a Christian. For this reason initially I observed the steps taken by the KDNP, what I did at the large family group was enough for me. Then a sense of responsibility emerged. As Christians, we are the victims of massive oppression; it would not be appropriate if they were to leave us out of the leadership in the new system.

[HVG] We think this started you out in the race to become a representative. But in your election district the Hungarian Democratic Forum [MDF] candidate won and you were defeated. You did not count on that, did you?

[Surjan] That was no defeat, moreover I feel that as compared to realistic possibilities, we won a victory. With my 6,400 votes I received the most votes for my

party. I finished third in the 12th District, a place where the popular Mihaly Raday also ran, but see, he could not win either.

[HVG] At present your party is negotiating with the MDF about a coalition. Chairman Sandor Keresztes said that he felt bad because the MDF did not show sufficient gratitude for the help provided by the Christian Democrats. Is this also the way you feel?

[Surjan] Politics does not know gratitude. At present some pointed negotiations are taking place with our natural ally, and although these negotiations may be tense, they are sincere. I find that the clashing of views is a necessity, and at present one can hear the noise of those clashes.

[HVG] Are you not concerned that your political role playing will take you away from pathology?

[Surjan] I would not have wanted to be a full time representative even if I had won. They have now requested that I perform party functions as my primary job, but I have difficulty imagining myself in such a situation because of my work. At the same time, the state administration would benefit from a little refreshment provided by a scientific outlook. I would not regard an assignment like this as one to be rejected from the outset.

[HVG] There is talk—and your chairman has also mentioned this—that the party claims the social welfare and health care ministry. Is this what you just referred to?

[Surjan] As of today it would be irresponsible to discuss anything specific.

[HVG] What would you regard as the three biggest mistakes, if we dissected the Hungarian health policies of the past decades?

[Surjan] The government did not think of the fact that providing for the ill is a factor that influences mood. I also feel that the three levels of medical service provisions were mistaken. I regard the way the funds collected by social security were managed, the merging of those funds with budgetary revenues, as a criminal act.

[HVG] As a Christian physician and politician, what is your view on abortion?

[Surjan] The fact that for a long time we told the populace that abortions are a method of birth control was a big mistake. It is not. We need broadly based public education so that we can avoid this situation, which represents a clear crisis for women. On the other hand, I do not believe that the Christian thought which condemns abortions can be forced upon people in a dictatorial manner.

[HVG] What is your view of payments of gratitude?

[Surjan] It is in societal interest that physicians do well, and that they receive the financial resources required for

good life not in an uncontrolled, complicated manner. But I feel that this matter is not one that involves physicians exclusively.

[HVG] Many say that you may talk easily because payments of gratitude are far removed from pathology. If this is not available to you, what supplements your salary?

[Surjan] It is indeed a fortunate aspect of my life that I have been able to stay far away from this matter. I do not have extra income; I prepared a computer program—that provided me some funds. Otherwise I make a living out of a wage and salary. I have an old Wartburg to take me around. Even though the three children are there...

[HVG] Returning to current politics: If your negotiations end in fiasco, can you perceive an opposition alliance with the Alliance of Free Democrats, or with the Hungarian Socialist Party?

[Surjan] It would be inappropriate for the opposition to form a coalition, because that would aim for the toppling of the government. Stable construction is desirable in these days.

### **Failed Health Policy; Presumptive Ministerial Nominee Interviewed**

#### **Former Official Condemns Past Program**

25000714A Budapest HETI VILAGGAZDASAG  
in Hungarian 14 Apr 90 pp 73-75

[Article by Peter Makara, sociologist and scientific director of a health protection institute: "Caring for the Sick, Health Protection: The Faulty Casting Net"]

[Text] The health preservation program announced by the government two years ago produced virtually no results, the article authored by sociologist and scientific director of the health protection institute that works alongside the government reveals. Accordingly, the new Parliament and government face the task of doing something as soon as possible about the increasingly deteriorating health conditions of the populace.

It has been more than two years since the government made a decision concerning the so-called long-range plan on health preservation. It is a tragi-comic twist of our accelerated historical events that the program, then regarded as having been drafted in the spirit of reform, now appears to be obsolete, cautious, implicitly paternalistic, or illusory. The economic, social, and political conditions for health preservation have changed decisively. But the causes that prompted the establishment and introduction of the program have not changed at all. These are the unusually unfavorable health conditions of the populace and the circumstances which cause these conditions. In this crisis, renewed thinking about the tasks of health preservation represents one of the elementary conditions for securing the nation's future, and for recovering from economic and social difficulties.

Failure to implement an effective health protection [program] threatens even the simple reproduction of the populace, of the work force, of people. A free and democratic society centered around the individual human being must not passively view the deterioration of the biological and social quality of life of its citizens.

The long-range program for health protection is a characteristic product of the Kadar era's final years. The mechanisms by which it came about—a government determination issued after "societal debate"—did not provide legitimacy to the program. Neither before nor after the program did Parliament place on its agenda a debate about the catastrophic health conditions of the populace, or the preservation of health. (This is understandable considering the political processes of the past two years, and is not necessarily adverse considering the future.)

A significant number of medical professionals and health care workers feel strangely about the more often than not rather discredited goals of health protection and preventive [medicine]. This, of course, cannot be attributed merely or primarily to the "faulty outlook" of health care workers; it depends to a decisive extent on interests, value orientation, and organizational and physical conditions. This is why the reform of the health care service is one of the key issues upon which progress hinges. The program did not succeed in implementing actions that directly and openly serve the interests of the populace, a matter that would make it popular, and known and accepted by the public in the long term. This is so even though a public opinion survey conducted by the National Health Protection Institute on a nationwide representative sample population in November 1989 indicates that if cleverly "sold," the idea of health protection would enjoy broad popular support.

Lacking a comprehensive system of Hungarian social policy goals and means, the health protection program was left to its own. The health protection program alone cannot serve as a substitute for social policy as a whole. It was a mistake to assume responsibility for problems and concerns—or at least to create such a semblance of responsibility—for which the program had no means of resolution or amelioration or could not bear influence upon (as for example healthful nutrition on a societal scale, or the long-term reduction of stress factors). This situation prompted accusations and sarcastic criticism (e.g. it is an alibi program), and restrained the advocates of preventive health care. In the tightening contradictory grip of announced goals and existing possibilities the idea of health protection became increasingly confined within the health care profession.

The state organization established for the program proved unsuitable, and the health issue was moved to the periphery of the political arena in which the change of regime took place. In the course of two years the negotiating positions of leaders of the National Health Protection Council did not improve, but deteriorated within the interest reconciliation mechanisms of the political

decisionmaking system. This alone is a significant element of the reduced prestige of health protection. Leaders of the program did not consider the power of openness, the various possibilities of exerting pressure in order to enforce health interests (even though they did not lack the fundamental good will and favorable disposition manifested by mass communications and the public). They did not succeed in developing a comprehensive, joint program with government agencies concerned with cultural affairs and environmental protection, not to mention other ministries. Although there is an abundance of individual examples for health protection actions, a national health movement similar to the environmentalist movement did not evolve. There is a lack of cooperation between existing health support movements and state institutions charged with health preservation. The latter are not the only ones to be blamed for this void. It was not possible to establish long-term relations based on common interests with significant social movements having related goals, such as the Greens and the Friends of Nature Association. Aside from a few individual initiatives, representatives of the cause of health preservation were left out even from the roundtable discussion on health affairs. At the same time, the leading opposition parties developed their health policies without the professional cooperation of workers involved in health preservation.

The preparation of a detailed inventory of economic activities and goods, in relation to which the related financial interests and the interests of health, of a healthy lifestyle, point in one direction, did not take place. The scarcity of resources and the waste continue to prevail in the health preservation field. Economy does not play a sufficiently strong role in making priority choices and formulating cooperative relationships. The program does not benefit financially from the sale of goods that directly serve the purposes of health; it does not include any entrepreneurial activity. There is no uniform principle and practice in seeking out sponsors; various actions are taken independent from each other and are based on personal relationships. There is no satisfactory cooperation with social security and with the insurance companies.

In part independent of the above concerns, it is nevertheless true that the program does not have resources of sufficient magnitude which could produce comprehensive effects in society. Since there is no chance for such programs in the near future, the question is whether goals for which fundamental financial conditions are missing should be set.

The health prevention program publicized in 1987 was thinking in terms of state and individual functions. An efficient program concept cannot even be developed properly based on this obviously paternalistic attitude which accuses the individual, and totally disregards real economic, social, political, and health facts and processes. The text of the "program for long-term health preservation" falls far from the spirit of the so-called

Ottawa Charter, which in this field serves as an international standard. It does not speak to state and individual functions, but about policies which support health, about a healthy environment, community action, the development of individual aptitudes, and a change in the direction of health care.

The Hungarian program was unable to adapt itself to the economic and social processes which accelerated in the last half a decade; its means and methods have an impact on the middle strata at best, and without underestimating the results of the struggle against alcoholism and drug abuse, it essentially observes helplessly the effects of the unfavorable situation, of impoverishment, or the low standard of living upon health. It declared youth, for example, as its fundamental target group, but the institutions responsible for such matters have not even begun to develop a comprehensive youth health support concept. The flawed basic concept, which thinks in terms of individual and state tasks, makes the appropriate support of self-help groups, the understanding of the significance of self-help movements, and the acceptance of impulses initiated outside the state bureaucracy more difficult.

During the past two years of the health preservation program there has been no program planning and management activity at an acceptable standard, one that would annually establish goals, target groups, strategies, means, organizational goals, financing, evaluation, and corrective mechanisms, all within a unified system. The program as a whole is regulated in a heuristic fashion and is characterized by hands-on management. Lacking an appropriate annual and medium-range program development, overcommitment and insufficient selection are the characteristic symptoms. And since financial, personal, and organizational conditions seem hopelessly tight as compared to the overextended commitments, the door opens to total subjectivity, to a buddy-buddy relationship. Lacking appropriate program planning the National Health Protection Council essentially cannot be held accountable; it is drifting with the tide and reassures itself by saying that the need is so great that whatever action is taken will have some utility.

During the first half of the 1990's the health preservation program must produce answers to the following questions:

- What kind of political action in the interest of health could be pursued under conditions of a multiparty political democracy?
- In what fields and how effectively could preventive work be pursued amid an economic crisis, a shortage of resources, and under conditions when the living standards of the populace are deteriorating?
- What kinds of new, preventive obligations arise as a result of poverty, deprivation, and unemployment?

—What kind of relationship will exist between newly formed autonomous governmental bodies, and in general between local society and regional activities in the pursuit of health preservation?

The health preservation program is not linked to parties. There are no substantial partisan debates concerning health preservation in Western countries which are at the forefront in this field. But the action choices available for health preservation will be significantly reduced if the program is excluded from the governmental structure. Perhaps the appointment of an independent government commissioner would constitute a step forward in this respect. The movement character of health preservation should be strengthened. Negotiations should be initiated with environmentalists and other Green movements, and the relationships with functional social organizations should be clarified in the interest of health. The purpose of such negotiations must be the establishment of a social pressure group based on a "grand coalition" active in the interest of health. Immediate contact must be established with representatives who sympathize with this cause in the newly elected National Assembly.

It must be seen clearly: This year is a turning point from the standpoint of health protection. The cause of prevention may be placed on the back burner unless appropriate steps are taken.

#### **Prevailing Attitudes, Concerns Explained**

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in Hungarian 14 Apr 90 p 74

[Interview with Robert Frenkl, professor at the Physical Education Academy and head of the Hungarian National Health Education Institute; place and date not given: "The Director Responds"—first paragraph is HVG introduction]

[Text] We asked Robert Frenkl, a professor at the Physical Education Academy—and in his second job as head of the Hungarian National Health Education Institute—concerning the upcoming tasks in the field of health care.

[HVG] They say that since the MDF [Hungarian Democratic Forum] won the elections you will become the health minister.

[Frenkl] This rumor is very widespread. Perhaps this means that it is entirely out of the question. I believe that they say this, they spread this rumor because only a very few professionals, physicians, have this kind of leadership experience. Everything I have done so far has had to do with primary prevention, irrespective of what it is, cultivating the body or religion. But all of my programs are down to earth, so to speak, and it is my view that I can do something for the preservation of health at this level, and not in a ministry, regardless of the extent to which the function of such a ministry changes in a civil society. And yet this rumor fills me with confidence, because it also means that primary prevention, sports,

education, and in general the reconstruction of the human being has become a political issue. They have come to understand that the prevention program must be elevated to the level of grand politics; health preservation must be integrated into the value system of the man on the street. It is apparent that without a health culture, culture in general, and an environmental culture, it will not be possible to improve the health of the populace. I am convinced that the issue of whether we engage in development or alternatively in restrictions is not the sole issue; those who protect health must reach a consensus with the technocrats. By this I mean to say that we must understand that there are social and financial limits, and that we must realize that the technocrat is not against the human being either. On the other hand, they must realize that a healthy work force is also in the interest of efficiency. Dialogue between the deaf must cease, and health policies must become part of grand politics. The rumor also shows that it was possible to plant this idea in public consciousness, and this is our personal success. And yet I still say that our generation, people in their fifties, have great difficulty in undertaking such a task because more or less everyone knows what everyone else is worth, i.e. it is humanly very difficult to make the decisions that are still necessary. There is a need for spontaneous leadership selection, and not for selection from the top down. Frankly, I am not in a mood at all to make such decisions.

[HVG] In other words, as a minister you would not like to remove people from their jobs, and you would not like to initiate dismissals. But is this really the job of a minister, of a ministry?

[Frenkl] No, the function of the ministry must not be changed. But I would not like to waste my time struggling for what should take place within a ministry. Because there are many kinds of perceptions and practices, and we cannot say that one is good and the other is bad. Here at our place, for example, social policies and health matters were handled jointly; there are countries where health affairs are linked to culture, and to sports at other places. I personally would prefer to further the professional line, rather than to argue about the structure. I know that hardly anything depends on how a ministry is structured, what its functions are, even if these matters are important. I am aware of the fact that only persons with credibility may salvage values, people who by way of their activities made it apparent that they did not wish to salvage themselves, but the things they worked for. As far as I am concerned I would like to see the political sphere develop automatic reflexes that would make physicians interested in performing tasks that really benefit them. Namely, there is a need for physicians, and the ministry has very many physicians who could practice medicine. For example, I am primarily a researcher and a teacher, but I still could go to a [hospital] department and serve as an assistant physician, or I could serve the needs of a district.

[HVG] It seems that it will be more difficult to deal with health care than it has been thus far. Up to this point, if



someone had some kind of an idea and was able to have that idea accepted by the political sphere, they began implementing that idea with full steam, it was funded, supported, and so on. I truly hope that henceforth this will not be the situation. But this nevertheless means that it will be more difficult to obtain money and support for health matters.

[Frenkl] Here at the Institute we do not support insurance based on indemnification, but on risk management. Insurance based on indemnification is pure waste. Let us think of car insurance where a person is not interested in not having an accident, he is interested in receiving as much money as possible for his wrecked car. We have in mind a system based on standards, in which we would regulate, for example, the price of appendicitis operations, and in which special cases, such as open heart surgery, would be accounted for outside the system of standards. But this is only one form. In reality it is important that people have an incentive to stay healthy. Accordingly, a person should not want to receive good treatment for his illness, he should endeavor not to become sick instead. The lead role in this matter must be played by autonomous governmental bodies, the churches and self-inspired associations. This cannot be guided from a ministry. In this regard the Institute would participate as a theoretical, educational training center, and its function would not be to distribute funds, but to inspire ideas and to help in their realization.

[HVG] It is difficult to make a person interested if he lives under conditions in which he is unable to stay healthy. I have in mind the changed work culture which makes the muscles move less, not to mention other harmful effects.

[Frenkl] It is very difficult to determine what resulted from a changed work culture and lifestyle, and from urbanization, and within that what specific deterioration was caused by socialism. Most certainly, ever since the early 1960's we have called the attention of the political sphere to the fact that we are facing new problems with the development of civilization, because we have seen what happened in the West. To greatly simplify this matter, all that happened in the West was that they established social welfare and a developed state of health care, and then it turned out that people were still not happy, even though happiness exists where there is wealth. It turned out that this can be explained by spiritual reasons. They received a chance to be healthy, yet they did not become healthy, because the lack of ideals, the lack of faith, caused illnesses which have their origin in the soul. They simply neglected the community feeling and faith. On the other hand, urbanization is truly accompanied by "dangers," automation, population mobility, desolateness, and monotony, and the use of chemicals may indeed cause diseases. But an analysis of these matters in more specific terms than thus far, and the development of appropriate strategies are tasks for the future.



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